

UNIVERSITY OF KWAZULU-NATAL

**A STUDY OF THE RELATIONSHIP BETWEEN
BENCHMARKED FACTOR IMPROVEMENTS AND
EMPLOYEE SATISFACTION: AN EMPIRICAL STUDY OF
JOHANNESBURG WATER.**

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A study of the relationship between benchmarked factor improvements and employee satisfaction: an empirical study of Johannesburg Water.

By

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Declaration

I, Leon van Tonder, hereby declare that:

- This research has not been previously used for any degree and is not being currently submitted in candidature for any degree.
- The work in this report is my own original work.
- All sources used or referred to have been documented and recognised.


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Abstract

Companies are constantly searching for ways to enhance productivity and the bottom line. One of the assumptions is that increased job satisfaction can contribute in this regard with improvements in motivation and productivity. The organisation that is the subject for this study is a utility company formed by the City of Johannesburg to deliver a comprehensive water and sanitation service to the City. The creation of the company was preceded by a high level of unhappiness from organised labour and consequently many of the transferred employees. In order to give effect to its mandate of providing a cost effective and quality service to the citizens whilst protecting the environment, the company adopted a number of benchmark and other measurements across the board including the measurement of levels of employee satisfaction.

The research focused on the employee perceptions of job satisfaction in the company based on the head office component with the previous survey results taken 18 months earlier serving as comparison. It was therefore possible to also evaluate the relevance of results obtained with the job satisfaction survey. The results of a benchmarking exercise in the Human Resources division conducted towards the end of 2003 was also available and served as a point of reference in comparing job satisfaction levels with the results of the benchmarks that were developed based on international best practice and compared the company to other organisations in the utility sector.

The study examined the possibility of the development of strategies by the Human Resources function aimed at eliminating factors that cause dissatisfaction and improving or introducing those that led to increases in levels of satisfaction.

The results indicate that it is not appropriate to concentrate only on the role of Human Resources in its efforts to influence job satisfaction and that high levels of job satisfaction or otherwise do not necessarily have a relationship to the

perception of the efficiency of the Human Resources function when compared to the results of human resources benchmarks.

Although the literature supports the importance of job satisfaction as a factor in productivity improvement, the findings point to the need to follow an integrated approach based on sound practice and measurement of metrics as well as the incorporation of strategies that ensure that job satisfaction is not negatively affected by striving for excellence in other areas. Even though the research provided support for the Herzberg theories on Hygiene (maintenance) factors and Motivators as predictors of job satisfaction it is the author's conclusion that the research points to the fact that results of Human Resources benchmarked factors are not the sole determinants of job satisfaction. It is, based on the research results, possible to conclude that even if the important satisfiers are not always adequately addressed, sound Human Resources practice can assist in ensuring that the levels of satisfaction do not become terminally low and cause high levels of attrition or detrimentally affect productivity with the resultant affect on benchmarked factors that compare poorly to that of the target organisations.

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Chapter 1. Background to the problem and Research Objectives

1.1 Background to the Problem Statement

The question often encountered is "how does the organisation improve productivity?" More often than not the answer is "introduce a performance management system" or "incentivise" good performers.

The issue of employee loyalty and motivation also gets linked to productivity in general conversation. The problem that faces the organisation is how to make sense of all the approaches to productivity, staff retention and strive towards a generally satisfied workforce. Fihrer and Saunders, (People Dynamics, March 2003:17) asks why some companies' shares trade at a premium and propose that the answer is intellectual capital. The point is made that human capital is the lifeblood of industry.

Although the concept of employee satisfaction is often used, not many organisations actually measure this on a regular basis (Voisey et al, 2002) . A theory advanced by David Ulrich places emphasis on the Human Resources value proposition. The perceived role of Human Resources has moved from one of concentrating on transactional and traditional activities such as recruitment and selection, training, employee relations and benefit administration (Noe, 2000:566) to the new role that concentrates on knowledge management, strategic redirection and renewal, culture change and management development. Interwoven in this is the issue of the role of Human Resources in the management of job satisfaction. The effect of the Human Resources activities on job satisfaction and indeed, the extent to which the function can directly influence levels of job satisfaction whilst ensuring a cost effective delivery of services not out of line with standards in peer organizations, is a question that remains unclear. It is at present, unanswered in Johannesburg Water, the company this work is based on. For that matter, as will be discussed later, the influence of

higher levels of job satisfaction on productivity has not been conclusively proven. This area of study will however not be dealt with in detail in this work.

Allied to the issue of job satisfaction is the question of deviating from generally accepted measures of cost effectiveness measured at the hand of benchmarking against similar organisations and the establishment of links between levels of job satisfaction and organisational effectiveness. The problem that faces management is whether it is possible to strive for excellence in benchmarked areas and maintain an adequate level of job satisfaction amongst employees with the associated advantages that would go with that.

Given the background of the company that is relatively young, having been formed in 2000 against the background as described below; it will be advantageous for management to understand the impact of favourable comparison with other similar organisations on a more holistic scale that includes job satisfaction.

1.2 Johannesburg Water

As a result of the financial crises experienced by local government during the 1990's, the Greater Johannesburg Metropolitan Area, served by five independent local authorities, embarked on a programme aimed at corporatisation and privatisation of services in 1998. Johannesburg Water is one of the utilities created as a result of the reorganisation (Incorporated as a company on 21 November 2000) to take control of the water and sanitation activities of the five local authorities in the Greater Johannesburg Metropolitan area.

On 1 January 2001 the employees were transferred from the municipal structures to the company in terms of Section 197 of the Labour Relations Act. The 2500 employees were transferred against the will of organised labour.

The period preceding the transfer was marked by major industrial action as a result of union opposition to the restructuring in the City of Johannesburg. The restructuring envisaged a number of independent entities to carry out the functions previously associated with local government in so far as the "trading entities" of the municipality were concerned. The restructuring had the effect of reducing staff in the City of Johannesburg from more than 27 000 to less than 12 000 employees.

Four and a half years after the transformation the company is well established and has in fact grown in terms of white collar workers whilst it has shed jobs at the elementary levels.

Traditionally local government was characterised by salary structures that provided above average benefit structures and below average salaries. Subsequent to the transfer of the employees, the company had to embark on a process of creating a new organisational structure that would accommodate all the employees transferred. (Employees were given a three year job guarantee by the municipal employer). All positions in the structure had to be graded (Patterson grading system) and pricing determined. A process of rationalisation of conditions of employment followed, with some matters such as the restructuring of retirement benefits from traditional defined benefit to defined contribution schemes still outstanding and receiving attention.

As can be expected, the transformation process created a mixture of unrealistic expectations and fears or disillusionment amongst the employees.

At the time of the creation of the company an agreement was also entered into with a Transnational French based company (Ondeo) providing for a five year management contract to manage the operational activities of the company including the Human Resources function. The contract provided for a number of experienced managers being placed in the company to establish sound practices

and put in place systems and procedures. (Johannesburg Water Management Contract: 2001, Schedule 6) Human Resources deliverables provided for in the contract include the following:

Human Resources Plan: The Operator/Management Contractor shall:

Review all existing human resources procedures and processes; and

Develop a comprehensive Human Resources Plan in respect of the Operations Staff that includes, but is not limited to,

- (a) an analysis of the Organisational Design Plan;
- (b) procedures for hiring, firing, redundancy and disciplinary actions;
- (c) a comprehensive review of all existing human resources information systems and a plan to accommodate undertakings made to the Operations Staff by the City of Johannesburg and to separate the Utility's human resources information systems from those of the City of Johannesburg;
- (d) recommendations with respect to a future human resources information system for the Utility;
- (e) procedures for liaison between the Operator and the Utility Board in respect of all human resources issues;
- (f) recommended terms and conditions of employment for new employees;
- (g) recommended terms and conditions for transferred employees;
- (h) measures to comply with labour legislation including, but not limited to, the development of an employment equity plan in accordance with the *Employment Equity Act*; and
- (i) recommendations with respect to a performance management system.

In essence, the provisions of the management contract dealt with the essentials for setting up a sound organisation, but the mandate did not have a long term

human capital development component. It did, however, provide for assurance that transactional processes be put in place from the outset.

1.3 The Johannesburg Water Human Resources Environment

The Human Resources division in Johannesburg Water was developed from inception of the company, starting with an establishment of 10 and growing to its present complement of 25 inclusive of administrative support. The structure provides for a head office function for policy development and monitoring and support services in specialist areas by specialists and decentralised generalists responsible for implementation of policies and systems and day to day activities.

A benchmarking exercise in conjunction with the Resolve Group (Resolve, 2003) using the Saratoga Benchmarking System (Johannesburg Water Benchmarking Survey, 2003) provided insights into the effectiveness of the Human Resources related areas in 2003.

Overall the data indicates positive results for Johannesburg Water with regard to the structure and efficiency of Human Resources. Some of the relevant findings are summarised below.

- Quantitative results (absenteeism, attrition rates and training indicators) suggest that the Human Resources function is delivering a good service. However, based on the results of the organisational staff satisfaction survey conducted in 2003, (Organisational Diagnostics: 2003), Johannesburg Water may need to interrogate the quality of this service in terms of change management, employment equity, diversity management, communication, discipline, grading, and application of policies, conditions of service, training, promotions and payroll.

- A low internal recruitment rate may require a concerted effort by the Human Resources team, especially in light of the business objectives of transformation and internal capacity building.

High service ratios, although having decreased to 108 employees per dedicated Human Resources Full Time Equivalent, whilst indicating efficiencies, may compromise the company's ability to deliver a quality service. In other words, Human Resources practitioners could find themselves stretched in terms of the demands on them and may have to compromise the quality of service they deliver to employees within the organisation. As a general rule of thumb, high service ratios should be underpinned by fully utilized, effective and advanced technology that frees up time around administrative work to allow focus on more strategic issues. In the same period, Human Resources professionalism has almost doubled.

A company sponsored employee satisfaction survey was conducted in the company by the author in August 2003 (Johannesburg Water, 2003) using company resources and utilising the results for the benefit of the company. The survey covered the areas listed in Table 1 below in no specific order of importance and was based on 79 questions excluding biographical information. The questions were developed based on the areas that were to be covered by the research as well as by using focus groups to identify relevant areas. Although listed for completeness, some of the areas covered do not relate to employee satisfaction and the survey was also used to test knowledge of specific matters related to key interventions. These relate to Health and Safety, Company values, mission and vision, as well as HIV/Aids interventions. The results were computed and evaluated by an independent service provider, who compiled the report on the findings (Organisational Diagnostics: 2003), using Survey Tracker software licensed by Training Technologies, Inc (2003). The survey results are provided further on and will be used as comparison, where possible, with the primary data obtained from the job satisfaction survey used for the development

of the assessment of the hypothesis and do not form the basis on which the discussion of the findings will be built.

Table 1. Facets measured. 2003 Employee Satisfaction Survey

Teamwork
Health and Safety
Values
Relationships
Leadership
Training
HIV/Aids processes
Change that has occurred
Communication
Vision and Mission
Employment Equity/diversity
Change management
Discipline, grievances and administration

Source: Johannesburg Water, Employee Satisfaction Survey, 2003

The answers to the questions were based on a five point scale and the overall result reflected a grand mean of 2.81 against a target of three. The purpose of the survey was not to measure only job satisfaction which was measured at a mean of 3.07 if the non relevant areas are ignored.

Of the 79 questions that comprised the survey, 50 are linked to the areas of job satisfaction identified by Spector (1997), Table 4, page 30 excluding Nature of Work and Operating Conditions, with administration of benefits included in addition. These areas, in the main, cover the activities of a Human Resources department, although it is acknowledged that other activities in an organisation also influence job satisfaction in the areas identified.

The importance of the results of a well conducted employee satisfaction survey and the strategies used to address the findings cannot be underestimated. In the case of Johannesburg Water, there was follow up of the results of the survey conducted in conjunction with Organisational Diagnostics, an organisation specialising in employee satisfaction surveys. The results were used to plan Human Resources interventions based on further focus group based surveys to drill into specific areas. The findings of this work into the impact on job satisfaction by the Human Resources function will be instrumental in the development of interventions aimed at the future strategies required to improve employee satisfaction in general.

The August 2003 (Organisational Diagnostics: 2003) survey results reflect the following highest and lowest ranked statements:

Highest ranking.

- "I have the necessary skills to do my work. (76.1%)"
- "I trust my co-workers. (70.8%)"
- "My co-workers trust me. (64.6%)"
- "In Johannesburg Water we are committed to our customers. (65.1%)"
- "In my department we work together as a team. (63.1%)"
- "My co-workers use the safety steps. (61.5%)"
- "In Johannesburg Water we are committed to cost effective service delivery (doing the job right the first time, do not waste). (59.6%)"
- "My immediate manager trusts me. (59.1%)"
- "In my department we are encouraged to develop better work procedures and methods. (58.7%)"
- "I feel proud to work for Johannesburg Water. (56.3%)"

Lowest ranking

- "I am satisfied with salaries administration. (21.6%)"
- "Discipline is applied the same to all in Johannesburg Water. (18.1%)"

"From what I have seen all employees at the same job levels in Johannesburg Water receive equal benefits.(20.5%)"

"The benefits (short and long-term) of changes in Johannesburg Water have been communicated to me. (22.0%)"

"Grievances are handled fairly in Johannesburg Water. (18.9%)"

"I receive regular feedback from the Regional Employment Equity Committee. (18.2%)"

"Johannesburg Water recognises and manages the impact of change on employees. (18.9%)"

"Human Resources supply me with sufficient information about Johannesburg Water and my work environment. (23.7%)"

"External appointments.(24.1%)"

"Change in Johannesburg Water is a well-planned process. (19.2%)"

It is possible to compare this with the theory by Herzberg et al (1959) and identify those areas that relate to the motivators and hygiene factors described more fully in the literature review under paragraph 2.2.1. This will be further discussed in the process of data analysis and will be part of the secondary data used.

It is of note that, of the highest ranking statements, there is an even spread between motivators and hygiene factors, whilst among the lowest ranking statements, hygiene factors dominate.

1.4 Research Objectives.

To analyse and consider the relationship between benchmarked factor improvements and job satisfaction and use the findings as a basis to assess the impact or perceived impact the Human Resources function in Johannesburg Water can have on job satisfaction and make recommendations that will serve as guidelines for the development of Human Resources strategy.

The contribution of Human Resources activities towards job satisfaction will be examined against the background of overall employee satisfaction in the company and the results of benchmarked factors. If the hypothesis that Human Resources can make a meaningful contribution to job satisfaction by managing benchmark factor improvements and thus positively influence job satisfaction is confirmed it will be possible to make comparisons with and identify and address the areas of employee dissatisfaction and develop interventions to address it. Job satisfaction is a factor in employee retention and the results will have an impact on future policies aimed at retention of key employees.

In addressing the objective of the study a further job satisfaction study, undertaken in 2005, will be used to compare with the results of the previous survey (Johannesburg Water, Employee Satisfaction Survey: 2003). Although the company employs over 2500 staff members the second survey is limited to the approximately 600 employees that represent technical, customer and support services, the so called head office employees. This survey will be referred to as the Job Satisfaction Survey (JSS) (2005) and its results will represent primary data.

1.5 Hypothesis

Based on the theories around job satisfaction and the research objectives, it is likely that the following hypothesis should be tested as a precondition to developing and proposing Human Resources intervention strategies in the areas of improvement of job satisfaction and benchmarking of outputs.

Hypothesis: Improvements in benchmark factors in the areas of influence of the Human Resources function will positively influence employee job satisfaction.

CHAPTER 2. LITERATURE REVIEW AND HYPOTHESIS

2.1 Job Satisfaction – Background.

“Job Satisfaction is simply how people feel about their jobs and different aspects of their jobs. It is the extent to which they like (satisfaction) or dislike (dissatisfaction) their jobs” (Spector E, 1997: 2). Using this definition it can be said that job satisfaction is an attitudinal variable. In a report sourced from the United States Bureau of Labor Statistics, under the heading “Changes in Job Satisfaction” the statement is made that “Job Satisfaction can be viewed as a measure of how workers react as individuals to all the characteristics of their jobs” (United States Bureau of Labour Statistics: 2000). This is in contrast to the past view that it is based on need fulfilment (psychological and physical). The reviews of some of the literature that follows will touch on these matters.

Satisfaction or dissatisfaction is an emotion and can vary from person to person and is influenced by the persons’ disposition. Noe, et al, (2000: 365) deals with the issue of “negative affectivity” that describes individual differences in satisfaction with various aspects of life. The theory indicates that people who are high in negative affectivity are likely to focus extensively on the negative aspects of themselves and others and this influences overall job satisfaction. (Judge, et al, 1998: 17-34). Spector (1997: 51) also deals with this issue and indicates that locus of control and negative affectivity seems to play a role in the development of job satisfaction. Locus of control, according to Spector, is the cognitive variable that represents an individuals belief in his or her ability to control negative or positive reinforcements in life and correlates significantly with job satisfaction in that the higher the internal locus of control the higher job satisfaction levels tends to be. Noe (2000: 366), in assessing the role of tasks on job satisfaction discusses the relationships identified by Porter et al (1973: 151-76) and finds that there is a strong positive relationship between task complexity and job satisfaction. Noe (2000: 367, 368 and 370) discusses the impact of job

enrichment, job rotation, organisational roles and pay and benefits on reducing job dissatisfaction. Although each of the aspects is a major contributor, it is the authors view that job satisfaction is also influenced by "softer" issues informed by perceptions. Manufacturing industries would often have similar job design and centrally regulated pay and benefit structures yet some organisations have highly motivated, productive and satisfied employees and others not, notwithstanding the similarities in job design and benefits. This lends credence to the possibility that there must be other defined factors that affect job satisfaction.

Biesheuvel (1984:35) states that it is generally assumed in personnel management literature that job satisfaction induces motivation and that satisfied workers will perform better. He goes on to quote the observation by Yankelovich (Rosow, 1974) that the relationship between work satisfaction and productivity is not really defined by anyone. He goes further and refers to work by Robert Kahn quoted by Yankelovich who states that satisfaction is related to productivity in some cases and not in others. This is also discussed by Spector (1997: 56) who indicates that there is only a relatively small correlation between job satisfaction and job performance.

Therefore, in a discussion of job satisfaction, one has to consider the question of its influence on motivation or even the influence of motivation on job satisfaction.

Spector (1997: 23) quotes findings in the USA that indicate that in a 1991 Gallup Poll 83% of respondents indicated satisfaction with their jobs. The survey included 16 aspects of work. The results are provided in the table hereunder.

Table 2. Features of Jobs

Sixteen features of jobs listed from most to least important for Americans and the percentage of people satisfied with each one.

Good health insurance and other benefits	67
Having interesting work	88

Having Job Security	79
Having the opportunity to learn new skills	88
Being able to take vacations of a week or more during the year	88
Being able to work independently	89
Having accomplishments recognised by co-workers	76
Having a job in which you can help others	83
Limiting the amount of on the job stress	62
Having regular hours – no weekend, night and shift work	86
Earning a high income	66
Working close to home	87
Doing work that is important to society	83
Chances for promotion	60
Having a lot of contact with people	91
Having flexible hours	83

Source: Spector, 1997:23

There is, based on the above, limited opportunity for the Human Resources function to make a meaningful direct impact on the areas listed. It is, however, the view that it is possible to use the Human Resources functions to influence the matter towards addressing areas that influence job satisfaction whilst taking cognisance of benchmarks measured against the results of other organisations.

2.2 The Motivation to Work

A number of theories regarding the question of motivation have received attention over the years. Although it is not the intention to evaluate these theories in detail, it is necessary to deal to a greater or lesser extent with a number of these theories and especially in so far as the impact on the question of job satisfaction is concerned.

2.2.1 Herzberg

Herzberg, et al (1959) as discussed in Robbins and Decenzo (2001: 316) believed that an individual's attitude to work can dictate success or failure. Herzberg, et al (1959) investigated the question of what employees wanted from their jobs. The research by Herzberg provided the Motivation - Hygiene (maintenance) Theory, (Robbins and Decenzo, 2001: 316), that in essence provided two lists of factors that lead to job satisfaction or job dissatisfaction (no satisfaction) as set out in the table hereunder.

Table 3: Herzberg Theory

Motivators	Hygiene factors (Maintenance)
Achievement	Supervision
Recognition	Company policy
Work itself	Relationship with supervisor
Responsibility	Working conditions
Advancement	Salary
Growth	Relationship with peers
	Personal life
	Relationship with subordinates
	Status
	Security

Extremely Satisfied ↔ **Neutral** ↔ **Extremely Dissatisfied**

Source Robbins and Decenzo, 2001 page 316

Herzberg, et al (1959) developed the theory that the opposite of satisfaction is not necessarily dissatisfaction as in the traditional view but rather satisfaction vs. no satisfaction and no dissatisfaction vs. dissatisfaction. Similarly, the opposite of dissatisfaction is proposed to be no dissatisfaction. To motivate employees it would then be necessary, based on the Herzberg theory to ensure that the hygiene (maintenance) factors are addressed to ensure no dissatisfaction before

the motivators can be effective in advancing the employee to a satisfaction/ extremely satisfied mode. If the theory is related to the function of a Human Resources department one can start making links to the areas where it is possible to make a contribution to eliminating dissatisfaction or even providing the source of satisfaction. Herzberg, et al (1959:107) indicates that the central question in the study of job attitudes is "what do people want from their jobs?" Herzberg further states that knowledge of what a worker wants is essential to sound personnel practice but also holds that, for practical considerations, sound personnel practice must be based on factors other than those that are purported to satisfy the workers needs from his job. There are, according to Herzberg et al, (1959:108) also divergent views, backed by research, that vary from finding that employees want to be treated with dignity and as individuals to the opposing view that money motivates and that employees work for the money alone.

As described above, the findings by Herzberg indicate that employees linked happiness in a job to indications that they were successful in their performance and to possibilities for personal growth. Feelings of unhappiness emanated not from the job itself but extraneous conditions, called the hygiene (maintenance) factors and included areas of supervision, interpersonal relations, policies, benefits and administrative practices and job security. These are the causes of job dissatisfaction if not addressed correctly at an acceptable level.

Summarising the Herzberg theory, it is evident that the so called hygiene (maintenance) factors are a constant source of possible dissatisfaction and poor job performance by employees. A prerequisite to job satisfaction and high performance would be to address the hygiene factors at the same time as the so called motivators. This will contribute to assisting in the creation of a climate that will be conducive to the motivators having the most effect on job satisfaction and performance. There is, however, a need to clarify the role that the modern day human resources function can play in creating an environment for the motivators to be most effective and ensuring that the hygiene factors are not absent, thus

impacting on the effectiveness of the motivators. This role is not immediately evident and needs to be explored.

Although the Herzberg theory was developed in 1959 and at that time at least 155 studies on the question "what motivates an employee" had been published between 1920 and 1954, (Herzberg, 1959:107) it appears from recent studies that business is still grappling with the question as before.

2.2.2 Hierarchy of Needs- Maslow

Support for the theory around hygiene factors can be found in Maslow's hierarchy of needs. Maslow's hierarchy of needs theory is described in some detail by Robbins and Decenzo (2001:314) and Biesheuvel (1984:48-49). In terms of the theory there are five human needs: physiological, safety, social, esteem and self actualisation. As an individual satisfies one need the desire to aspire to satisfy the next need becomes dominant. According to Maslow (Robbins, 2001: 315) a need that is substantially satisfied no longer motivates and it is important to understand where a person is in the hierarchy to focus on satisfying needs at the right level. There is unfortunately no clear evidence based on research that validates the theory.

When compared to the hierarchy of needs as described in Robbins (2001:314) the hygiene factors may well relate to the lower needs such as the safety and security needs. In terms of the hierarchy of needs theory the lower levels are characterised by physiological needs (bodily requirements), safety needs and social needs. The hygiene factors appear to be prevalent at these lower levels. Herzberg describes the factors that lead to positive job attitudes as those that lead to self actualisation as described in the hierarchy of needs. He holds the view that it is only through the performance of a task that an individual can get the rewards that will address the aspirations for self actualisation. Herzberg, et al (1959:114).

2.2.3 The Human Relations Approach

The first major research project into the question of work motivation was undertaken by Elton Mayo and his colleagues at the Hawthorne works of the Western Electric Company in the USA between 1927 and 1932. Mayo (1933:186) and Biesheuvel (1984: 45) describe the study as a long series of experiments in which hours of work, rest pauses, bonus payments and a variety of other working conditions were systematically varied in consultation with employees. The findings contradicted the Scientific Management school of thought by Frederick W Taylor, (1919: 140) describing the “economic man” concept, that created the notion that man is primarily motivated to maximise his economic gain, Beach (1975: 17) indicating instead that it was inadequate to think purely in terms of physical working conditions and aptitudes as determinants of production improvement. According to Biesheuvel (1984: 45-46) the Hawthorne team found that workers approached their jobs with the total needs they have including social and domestic preoccupations and that the desire to continuously associate with colleagues is strong. They did not leave domestic and personal issues behind the minute they walked into the workplace. The research team ended by “discovering” that an organisation can be looked upon as a social system within which operated two components, a formal organisation concerned with costs and efficiency dominated by managements’ objectives and an informal system dominated by sentiments and human relations. Although the findings emanating from the experiment have come in for a lot of criticism the contribution to the theory and practice of human resources is still significant.

2.2.4 McGregor Theory X – Theory Y

McGregor (1960), sees the issue of work motivation as the outcome of work and personal needs. His theory X supposes that people have a dislike for work and that work is looked upon as an economic necessity. Robbins and Decenzo

(2001: 315) summarise theory X as McGregor's term for the assumption that employees dislike work, are lazy, seek to avoid responsibility and must be coerced to perform. In terms of theory Y people will make an effort of their own in the work situation if they are committed to its objectives. Robbins and Decenzo (2001: 315) describe theory Y as the term used for the assumption that employees are creative, seek responsibility and can exercise self direction. The McGregor theory does not offer any new insights into the motivation to work. According to Biesheuvel (1984: 52) whether one supports theories X or Y depends on whether one takes a pessimistic or optimistic view of human nature. Depending on how the organisation regards itself and the approach adopted there must be an influence on job satisfaction. It is the view that although there may be situations where theory X may be appropriate such as in a short term project where repetitive work is done, it is unlikely to make a long term contribution to job satisfaction.

2.2.5 General Observations

Terence F. Shea in HR Magazine of Oct 2002 (www.findarticles.com) finds that for many employees the workplace is not a satisfying place. Shea finds that the main issues affecting job satisfaction are not supervisory or co-worker related but concerns provision for bonuses, promotions, training, wages, family leave and flexitime. This again is a combination of motivators and hygiene factors linking these findings to the Herzberg theory. The research reported on by Shea covers 5000 households in the USA and finds that job satisfaction has fallen off over a seven year period. The study finds that only 50 percent of Americans employed report that they are satisfied in their jobs. One of the reasons for the lack of job satisfaction is discussed by Dina Berta (Nations Restaurant News, June 18, 2001). According to Berta a survey by Richard Ghiselli and Joseph La Lopa found that long working hours (average of 57,3 hours per week) and having to absorb staff shortages in the food services industry causes the most dissatisfaction and resultant inability to retain managers. This could be argued to

be a manifestation of dissatisfaction due to lack of hygiene factors. The fact that the study finds that employees want to be treated with respect, dignity and trust (manifestations of the need for acceptance and self actualisation?) seems to support the Herzberg findings. The question remains as to who in the organisation has responsibility to ensure that these needs are met. Once again one can look to the Human Resources function and ask if it has a role to play.

A study by Development Dimensions International (DDI) (www.ddiworld.com) linked job satisfaction to retention rates giving credence to the view by Shea and Berta expressed above. In terms of the survey a moderate but significant correlation was found between the employee's intention to leave an organisation and job satisfaction. It found that employees who were neutral or dissatisfied with their jobs were twice as likely as others to leave and that 36 percent of employees in fact fall in this category.

2.3 Business Impact

Although much has been written about the value to the bottom line when employee satisfaction increases, there is no direct evidence available in Johannesburg Water to rely on. The company needs to take cognisance of the theories and academic discussions around employee satisfaction and improvement in loyalty, productivity and ultimately profitability that result from enhanced levels of employee satisfaction.

Biesheuvel (1984) discusses three possibilities related to satisfaction and performance as examined by Schwab and Cummings (1970) that proposes the following three propositions. The first holds the view that job satisfaction leads to performance. The second suggests that it is too simplistic to think of a direct relationship between job satisfaction and performance because other variables such as individual differences in needs and ability, and organisational differences and need for higher production cuts across any relationship that may be there.

The third view reverses the first view by asking if it is possible and more logical that one can assume that satisfaction is the outcome of successful performance and not the initiator.

A case study that focuses attention is that of Sears Roebuck and the theory developed around the "employee – customer – profit chain". Rucci, et al (Harvard Business Review, 1998). In terms of the model developed by Sears, a five unit increase in employee attitude will drive a 1.3 unit increase in customer satisfaction that will drive a 0.5% increase in revenue growth. In the case of Johannesburg Water this can represent an increase of up to R3m in revenue from its top 14000 customers who are responsible for 30 percent of the revenue for the company or about R30 million across the board. The success factor for the company is however the collection of revenue and since top customers already has a 98 percent payment level it is the view that the balance of the customers will provide the most contribution to future revenue growth. The illustration, however, demonstrates the considerable advantage it can have for a business if the Sears model can be made to work. The question, however, is how much job satisfaction and the theories developed by Herzberg (1987) and others would influence the model.

Sears regularly measured its employee satisfaction levels in the areas of attitude about the job, (job satisfaction) attitude about the company and employee behaviour. (Rucci, et al, 1998:90).

The view on job satisfaction and profits is also dealt with in research at Purdue University which shows a direct link between employee satisfaction and a company's profits. (Press Release, Purdue University, 2004)

Employee satisfaction is naturally not improved by doing nothing and requires a concerted effort. In the case of Johannesburg Water there is the legacy of the restructuring and the lack of employee support for this transformation. The

challenge is to adopt strategies that will improve employee satisfaction and to arrive at a conclusion as to whether the experience at Sears can be relevant in a water utility that is by its very nature monopolistic.

If one considers the outcome of the Deloitte and Touche Human Capital survey (www.bestcompany.co.za) of the best company to work for (Sunday Times, 3 November 2002) for 2002 it found Absa to be the top company to work for followed by S. A. Breweries. Review of the article devoted to the award shows that the issues that motivated employees to consider Absa a top employer are typically related to employee satisfaction.

It is common cause that Absa was not always a top performing bank in a competitive market yet it has made major strides in profitability. Business Report (15 October 2003, page 6) provides details of banking sector share prices and without going into great detail it confirms that Absa is doing well from both an annual improvement in share price to a good price earnings ratio. It is not inconceivable that the employee attitudes have a lot to do with this. For Johannesburg Water there is therefore an incentive to understand how employee satisfaction or implicitly job satisfaction can make a contribution to organisational effectiveness.

2.4 Human Resources Contribution

In terms of the Global Human Capital Survey 2002 conducted by Price Waterhouse Cooper (PWC), Voisey, et al (2002: 1 - 11), Human Resources functions believe that the department makes the most important and measurable contribution to business performance through increasing employee satisfaction, controlling costs and providing pertinent and timely management information. Although the HR fraternity believe that the above is important, it is noted by PWC that only 43% of participants in the survey regularly report on the levels of employee satisfaction. This study will address this aspect of the Johannesburg

Water strategy and assess the effect of employee satisfaction on the HR strategy and deliverables on employee satisfaction levels and ultimately job satisfaction.

Martins and Martins (HR Future, May 2001, page 46) hold the view that many organisations introduce change for many years without asking what their employees think about it. They propose the following reasons for measuring employee satisfaction:

- Managers will need to know precisely why employees are not performing as effectively as they could.
- What is likely to motivate the workforce as reward strategies become increasingly individualised and performance based and
- How change can be introduced most swiftly and painlessly.

Martins (2001) also warns that an employee satisfaction survey can create expectations that demand management action and introduce new problems before it will show results. It is the view that the Johannesburg Water employee satisfaction survey of August 2003 has accomplished exactly that which is predicted by Martins. It led to introspection by Human Resources and a review of how the department approaches a number of interventions, most notably the communication process.

A recent work trends survey by the international employment services company Manpower covering 15 countries, finds that the three most important things an employer can offer South Africans are competitive salary and benefit packages (53%), pension package (49%) and paid courses and education (62%). (Sunday Times, Business Times, Careers, October 2005). So called softer areas are the opportunity for career progression (45%) and flexible working hours (60%). Some of the areas fall within the ambit of what is considered the factors that influence job satisfaction. With reference to the Herzberg theory as summarised in Table 2 it is noted that, of the areas mentioned as the most influential, only career progression falls within the category of motivators, whilst the need for training

could be argued to be a motivator being linked to advancement. The rest are hygiene factors.

The survey by Purdue University (Press Release, Purdue University, 2004) finds that the most important quality in achieving satisfaction is communication, both bottom up and top down. It also finds that interaction between managers and employees is important.

A report by the Society for Human Resource Management (SHRM Workplace Visions, no 4, 2003) describes four issues as the most important in every industry regardless of gender, age and company size. The four factors are; communication with management, work life balance, the relationship with the immediate supervisor and career development.

2.5 Summary

In the process of implementing strategies for the improvement of employee satisfaction, it will be unavoidable that the influence of the Human Resources function on the company will increase. The PWC survey (Voisey, et al, 2002) found that there is a relationship between Human Resource's satisfaction with its influence on business performance and profit. This ranges from average profit margin of 26% in organisations where HR is not satisfied with its influence at all to 38% where HR is very satisfied with its influence. Without extensive review of the survey results it is not possible to reject or accept this statement outright and the higher profits in the companies that ensure a greater Human Resources influence is possibly due to the fact that the management teams in those companies are more effective and progressive for other reasons as well. This will be evaluated against the results of the data analysis.

Ulrich, (1996, page 247-248) also refers to the Sears model of employee – customer – investor and goes on to propose that the HR function creates

organisational capabilities and in turn customer value. This resulted in the “value proposition” adopted by Ulrich and applied to the Human Resources function.

With the aforementioned as background the relevance of human resources deliverables on satisfaction levels appears to be confirmed. The inclusion of employee satisfaction as a strategic intervention and part of the Human Resources strategy gains importance when the PWC survey results show a clear relationship between revenue per employee and human resources strategy.

Marc Drizin (Sunday Times, Oct 5, 2003, page 11) finds that happy workers equal satisfied customers and workers who have a strong personal commitment to the organisation will be motivated to go the extra mile for the customer. It is speculated by the author that this level of satisfaction or lack of dissatisfaction, if the Herzberg theories are applied, is also a contributor to employee retention.

Bellingham, (2001, page 66) confirms the literature provided thus far by stating “generally a person or team experiences job satisfaction when the activity of performing the work satisfies important values, e.g. variety, challenge, respect”. This is consistent with the discussion by Noe referred to earlier. Satisfaction is, according to Bellingham (2001, page 67), linked to levels of empowerment (control) and stress.

Summarising the review of literature provided above it is apparent that employee satisfaction is an important aspect of the Human Resources contribution and that it, in turn, is capable of making a material contribution to organisational profitability. What needs to be tested is the likelihood of the activities of the Human Resources function making a material contribution to job satisfaction, thus influencing overall employee satisfaction and finally the levels of productivity. The benchmarking of results of the organisation against others in the areas that are relevant to the Human Resources function should show relevance to the levels of job satisfaction if the hypothesis is indeed proven. The Human Capital Management publication (Human Capital Management, 3rd

Edition, 2005/06) on page 64 mentions that Human Resources has so far not been subjected to benchmarking in the mistaken belief that “soft” issues cannot be standardised in terms of best practice. The publication clearly refers to process benchmarking where the Human Resources function can be regarded as a set of processes just like any other business activity. Unlike process benchmarking the factors dealt with in this study relate to metric benchmarking where cost and other relative scores are used to measure effectiveness against other organisations. The comment is however made that benchmarking is one of the most effective ways to constantly monitor the rate of improvement of a business. (Human Capital Management, 2005/06: 64).

The research will, in addition to the above discussion of literature and theory on the subject, make theoretical links to the area of study and management tools available to predict organisational success of the Human Resources function in enhancing job satisfaction, whilst ensuring competitiveness and cost effectiveness. One such tool that can be used to measure effectiveness is the Saratoga Benchmarking process (Resolve: 2003) that enables the function to be compared against that in similar organisations in a large number of areas such as professionalism, cost of the function per full time equivalent (FTE), average profit per employee and cost of the various functions of the Human Resources department. The Saratoga process is a Human Capital Benchmarking process aimed at understanding how Human Resources drive organisational performance and accessing better working practices that can be adapted to improve performance. It is a product of the Saratoga Institute in the United States and in Southern Africa provided by the Resolve Group (Pty) Ltd ©. The methodology is set out in a Benchmarking Handbook (Resolve: 2003).

The programme consists of a basket of measures covering the following seven categories (Resolve: 2003):

- Organisational effectiveness
- Structure of the HR function

Remuneration
Absence and turnover
Recruitment
Training and development
Occupational health and safety

In the case of Johannesburg Water the 2003 survey results include comparisons with the local utilities sector. The benchmark results reported by Resolve (2003), (Johannesburg Water, Employee Satisfaction Survey, 2003) indicate that whilst the data is heavily skewed by the inclusion of the Eskom divisions the data overall does provide Johannesburg Water with an indication of local trends.

The report is structured to provide information on nine sections. (Resolve, 2003) For the purposes of this work the results of the following indicators are relevant and can be used.

Acquisition: This indicator offers an overview of how Johannesburg Water manages the acquisition of skills and talent in the organisation.

Maintenance: This indicator offers an overview of how well Johannesburg Water maintains employees once they are in the organisation.

Development: Indicates Johannesburg Water's investment in training and development.

Retention: This provides an indicator of how well Johannesburg Water retains personnel.

In exploring the relationship between job satisfaction and interpreting the results, it should be possible to compare the benchmark results already discussed against areas of Human Resources influence and draw inferences to confirm or

reject the notion that critical areas of Human Resources influence will directly affect the relationship between benchmark results and job satisfaction levels.

The discussion of the various theories that inform motivation and job satisfaction however leaves one with the caveat that is expressed by Biesheuvel (1984: 39) that there is no theory yet that explains the nature of work motivation. This is further expanded on by Biesheuvel in expressing the view that in order to use job satisfaction as a motivational tool it only makes sense if the individual can be put in a position where he can reach his objective through actions acceptable to both employer and himself. The satisfaction resulting from this will then reinforce the actions that initially brought it about and lead to repetition of the behaviour and thus result in higher productivity and need gratification.

Chapter 3. Methodology and Research Design

3.1 Introduction

Although much research has been conducted into the question of influences on job satisfaction and various theories were developed testing the hypothesis around motivation, this study aims to establish links between benchmark factors and job satisfaction in the areas of influence of the Human Resources function. This study uses a questionnaire, adapted to the subject matter, to assess levels of job satisfaction in the target organisation including areas within the ambit of the Human Resources function and sets out to measure the impact these areas have on overall job satisfaction. The results of the assessment (JSS 2005) will be compared to previous survey results both of employee satisfaction and a benchmarking exercise.

3.2 Sample

The organisation employs 2500 plus employees, spread across the geographical area of the City of Johannesburg. The workforce comprises employees across a wide skills spectrum, from elementary occupations to highly qualified scientists. In view of the geographic and skill distribution the research will be confined to a sample from the head office and support and customer services components in the organisation representing 600 employees that, to a large extent, represent the white collar workers, technicians and decision makers in the organisation. It is the view that including the technical functions that also comprises the labour intensive component of the company and unfortunately also a large component of illiterate employees who will be unable to complete questionnaires unaided may skew the results. The working conditions vary so widely that this will create an impact on the results from the point of view that the difficult working conditions could adversely affect the overall results in view of the fact that the majority of the participants in a random sample will be from the operational division. Options

available are stratified sampling, random sampling or a census. Cost considerations count against the use of the census approach. Whilst the geographic, skills level and educational spread may justify a stratified sample it is deemed sufficient to use a random sample that was drawn from payroll records based on addressing a questionnaire to approximately 15 percent of the target population. Using a table of the personnel records sorted in alphabetical order, every seventh person was selected. Given the fact that the target population are all employed in the same organisation with roughly the same local conditions, it is considered that the sample is sufficient and will provide a representative result of the organisation in so far as the area selected for the research is concerned.

3.3 Data Collection Method: Primary Data (2005 Survey)

The research requires a descriptive study. The hypothesis implies that the existence of one variable, in this instance the perceptions of the organisation as an employer that creates a working environment that satisfies workers needs, leads to a variation in the levels of job satisfaction in the organisation. In order to assess the appropriateness of the research questions applicable to the subject, two working groups were used with the Job Satisfaction Survey (JSS) developed by Spector (1997: 75) as a basis, adding questions that enhance the applicability of the questionnaire to the Human Resources environment in the area of administration. As a result, the initial 36 questions were increased to 40.

This research is aimed at identifying the Human Resources variables in determining job satisfaction and relating that to benchmarking as a method of creating efficiencies. Ghauri, et al (1995: 60) states that descriptive surveys are used, amongst others, to determine views and opinions of employees in an organisation. The research relates to the issue of motivation and job satisfaction and thus the use of a descriptive study is appropriate.

Spector (1997: 6) expresses the view that the easiest way to measure job satisfaction is to use one of the existing scales of which the reliability has been established. The purpose of this work is not to deliberate on and identify the most appropriate scales from the many currently in use. Spector (1997: 7) discusses six job satisfaction scales, including the Job Satisfaction Survey (JSS), a scale developed by Spector that can be used by owners of the book for non commercial and academic purposes.

The Job Satisfaction Survey (JSS) provides for the measurement of nine facets of Job Satisfaction listed in Table no 4 hereunder.

Table 4. Facets of the Job Satisfaction Survey (2005 survey)

Facet	Description
Pay	Satisfaction with pay and pay raises
Promotion	Satisfaction with promotion opportunities
Supervision	Satisfaction with the persons immediate supervisor
Fringe Benefits	Satisfaction with fringe benefits
Contingent rewards	Satisfaction with rewards for good performance (Not necessarily monetary)
Operating conditions	Satisfaction with rules and procedures
Co-workers	Satisfaction with co-workers
Nature of Work	Satisfaction with the type of work done
Communication	Satisfaction with communication within the organisation

Source: Spector E, Job Satisfaction 1997, Sage Publications Limited

The original survey instrument produced by Spector (1997) provides for four subscales per scale giving a total of 36 questions. Each of the subscales can produce a separate facet score. Although the questions are deemed satisfactory in the general sense for a Job Satisfaction survey, it is deemed appropriate for the purpose of doing more detailed analysis of the Human Resources influence on job satisfaction to include an additional facet that provides an indicator for administration. In this regard, working groups were used to develop the area for

further measurement of the additional facet. In order to maintain the overall length of the questionnaire, consideration was given to omitting some of the scales provided for in the original survey. This was however, decided against in order not to affect validity. In the development of the additional scale, attention was given to the five steps proposed by Spector (1997: 21) for developing a Satisfaction Survey. For obvious reasons it is not possible, given the scope and nature of this work, to consider any specific validation studies or test the survey on a large sample. Care was however taken to define the facet and test the responses on a small sample. Subsequently one additional facet "Administration" was added, thus increasing the subscales developed by Spector (1997: 7) to 10.

The questionnaire from the 2005 survey is attached as appendix 3. A categorisation of the questions into the areas surveyed with an indication of those that are reverse scored is attached as appendix 4.

The questionnaire provides for biographical information necessary to differentiate levels in the organisation, age, length of service, grade and gender. The questions are scored on a six point scale with the subject being asked to circle the level of agreement with a statement ranging from total agreement to total disagreement. Some questions are reverse scored. In the survey some questions are negatively worded and as such, agreement signifies dissatisfaction and scores are reversed. Respondents who therefore agree with positively worded statements and disagree with those negatively worded will have scores representing satisfaction.

It will be noted that the categories covered by the questions have the following relationship to the theories advanced by Herzberg (1987).

Motivators

Promotion (advancement)
Contingent reward

Hygiene (maintenance) factors

Pay
Supervision

Nature of work

Fringe benefits

Operating conditions

Co Workers

Communication and Administration was not categorised but are support functions for the factors listed above that influence job satisfaction. It is likely that these factors are closer to the elements of hygiene factors than motivators.

3.3.1 Procedure

In order to enhance cooperation, the research participants received a pre contact letter explaining the purpose of the research and the guarantee of confidentiality in the internal mail one week before despatching the questionnaire. The questionnaire followed one week later with a follow up after two weeks for non respondents. Copies of the pre-contact letter and cover letter to the survey are attached as appendices 1 and 2.

The necessary permission to use company mail facilities was obtained and an e-mail message in this regard is attached as appendix 5. There is no necessity to obtain informed consent from the participants, none of whom will be minors (the company had no employees under the age of 21 in its service at the time).

3.4 Data Collection Method: Secondary Data

As mentioned earlier in paragraph 1.3, page 5, a range of secondary data is available including the results of a previous employee satisfaction survey, (conducted in collaboration with Organisational Diagnostics) referred to on page 6, (Johannesburg Water, Employee Satisfaction Survey (2003), Organisational Diagnostics (2003)) as well as the results of a benchmarking exercise for Human Resources deliverables using the Saratoga system in collaboration with licensed user the Resolve Group. (Johannesburg Water, Benchmarking Survey, (2003),

Resolve Group of Companies). Both of the abovementioned surveys were conducted using Johannesburg Water staff and resources but final reports were compiled by the organisations mentioned above. The details of these interventions follow and are further discussed hereunder.

3.4.1 Employee Satisfaction Data (2003 survey results: Secondary data)

Further to the discussion of the Johannesburg Water environment and inter alia the results of the employee satisfaction survey in 2003, the critical areas are listed hereunder.

Table 5: Employee Satisfaction Data: 2003

Rank	Count	Questions	Mean	Weaknesses%	Neutral%	Strengths%
1	1491.0	Teamwork	3.22	34.8	12.2	53.0
2	1456.2	Values	3.19	35.4	11.7	52.9
3	1509.3	Health And Safety	3.18	34.1	13.8	52.2
4	1507.1	Relationships	3.12	35.0	17.5	47.5
5	1512.1	Leadership	3.10	38.0	12.5	49.5
6	1504.5	Job Satisfaction	3.07	38.6	13.3	48.1
7	1502.0	Training	3.03	41.5	9.4	49.0
8	1502.3	HIV/Aids	2.95	45.0	9.7	45.3
9	1466.5	Vision And Mission	2.72	47.9	15.8	36.3
10	1480.5	Change That Has Occurred	2.71	47.1	15.8	37.1
11	1402.0	Communication	2.65	50.7	12.2	37.1
12	1486.1	Employment Equity/Diversity	2.41	55.6	18.7	25.7

Source: Johannesburg Water, Employee Satisfaction Survey, 2003

It will be noted that job satisfaction as a factor of the Employee Satisfaction survey occupies the mid point with a total rating of 61 percent at neutral or better. Of the 12 areas measured, four correlate with the parameters of the instrument

used for primary data collection (JSS) (Spector: 1997) with relationships, leadership and job satisfaction in the top half and communication in the bottom half of the employee satisfaction results. The results of the two surveys will be discussed later with the relevant comparisons in the areas common to both.

3.4.2 Saratoga Benchmarking

The survey was conducted in the last quarter of 2003 to measure the company Human Resources performance against the local utilities sector in a number of areas that can be regarded as benchmarks and that could influence employee satisfaction. (Johannesburg Water, Benchmarking Survey, 2003) The results are grouped under five headings that summarise the essential elements of the Human Resources function into performance, acquisition of staff, maintenance, development and retention. The areas evaluated in the exercise address the core Human Resources functions in an organisation and can be largely related to the question of employee satisfaction or job satisfaction. Using the results of the job satisfaction survey and the primary data gathered through the latest survey (JSS), the benchmarking exercise and the data from the 2003 employee satisfaction survey, it is possible to consider the impact of the Human Resources function on job satisfaction and test whether there is a relationship between the results obtained through benchmarking and job satisfaction. Cognisance will however have to be taken of the intervening variables present in the organisation, for example, senior management actions, financial position and diversity.

The Saratoga process is a Human Capital Benchmarking process aimed at understanding how Human Resources drive organisational performance and accessing better working practices that can be adapted to improve performance. It is a product of the Saratoga Institute in the United States and in Southern Africa is provided by the Resolve Group (Pty) Ltd ©. The methodology is set out in a Benchmarking Handbook (Resolve: 2003).

The programme consists of a basket of measures covering the following seven categories (Resolve: 2003).

Organisational effectiveness

Structure of the HR function

Remuneration

Absence and turnover

Recruitment

Training and development

Occupational health and safety

The results include comparisons with the local utilities sector. The benchmark results reported by Resolve (Johannesburg Water, Benchmarking Survey, 2003) indicates that whilst the data is heavily skewed by the inclusion of the Eskom divisions the data overall does provide Johannesburg Water with an indication of local trends.

The report is structured to provide information on nine sections. (Johannesburg Water, Employee Satisfaction Survey, 2003) For the purposes of this work the results of the indicators described below are relevant and will be used in the evaluation of the findings.

The results of the benchmarking exercise, summarised from the report (Resolve 2003: 6) describe the situation as follows.

Performance

This indicator provides an overview of human capital performance indicating the organisational performance and comparing it with others in the industry.

In terms of the findings, Johannesburg Water:

- * Has scope for improved human capital performance
- * Needs to widen the gap between costs and revenue

- * Achieves a low return on their human capital investment
- * Has a high remuneration to revenue figure indicating a need for increased revenue or a need for efficiencies around headcount.

Source: Johannesburg Water, Employee Satisfaction Survey, 2003

The results in this category have little relevance to job satisfaction but it is of note that there is a high remuneration to revenue result. This is discussed later where it is found that average compensation is lower than the industry mid point. Although this points to low productivity, the ability to pay by customers is a relevant variable – the company has to supply indigent residents with basic services regardless of the fact that costs will not be recovered.

Acquisition

This considers the profile and effectiveness of the recruitment of skills and talent.

In terms of the findings, Johannesburg Water:

- * Acquires more staff than it loses – it reflects growth in the business
- * Has increased average remuneration from 2000/01
- * Compared to the local utilities sector scores low on average remuneration
- * Favours the benefit component of remuneration
- * Is cost effective

But

- * Relies on external recruitment as much as internal recruitment.

Source: Johannesburg Water, Benchmarking Survey, 2003

The results of this category is relevant to the areas measured in the 2005 survey (Johannesburg Water, 2005) and can be compared to the facets pay and fringe benefits, both hygiene (maintenance) factors in terms of the Herzberg theory as discussed earlier and summarised in Table 3 page 14.

Maintenance

Maintenance reviews those Human Resource Management activities and outcomes that reflect on how human capital is sustained in order to ensure that it creates value for the organisation.

In terms of the findings, Johannesburg Water:

- * Has a stable workforce with low levels of absenteeism and resignations
- But
- * Low levels of managerial and professional representivity
- * Compares unfavourably against the Local utilities sector with regard to average remuneration
- * Has high involuntary terminations raising questions about the HR implications of an 'old and sick' workforce.

Source: Johannesburg Water, Benchmarking Survey, 2003

Once again, the low average remuneration, when compared to the local utilities sector, is highlighted. The finding of low levels of managerial and professional representivity can be interpreted as a factor that can impact on relationships with supervisors and subordinates due to the relatively low numbers of managers to other levels of employees in the organisation.

Development

Development reflects on how human capital is nurtured to increase the value it creates for the organisation.

In terms of the findings, Johannesburg Water:

- * Has significantly increased its investment in training
- * Invests in managerial and non managerial training fairly evenly, but, must make some strategic decisions regarding:

- High ratio of FTE to Training function FTE
- Increased investment in training, particularly developmental training
- The need for training to meet identified business challenges and budgetary constraints.

Source: Johannesburg Water, Benchmarking Survey, 2003

The increase in investment in training has a relationship to growth and advancement, both motivators, and will be helpful in the comparison of job satisfaction levels with benchmarked factors later.

Retention

Retention reflects on how successfully human capital is secured in order to ensure its continued contribution to organisational performance.

In terms of the findings, Johannesburg Water:

- * Has a good retention profile with low absenteeism rates and resignation rates
But
- * Will need to make strategic decisions regarding comparatively low average remuneration per FTE
- * Will need to monitor involuntary termination rates (as a potential HIV/Aids indicator).

Source: Johannesburg Water, Benchmarking Survey, 2003

The important deduction in this category revolves around the reasons for the good retention profile and low absenteeism. This will be evaluated when comparisons are made with job satisfaction survey results later.

In order to provide an overview of the results discussed above, figures and tables summarising the findings in the categories discussed are provided below. The category representing performance is deemed irrelevant and the results of this category are not provided in the tables and figures below.

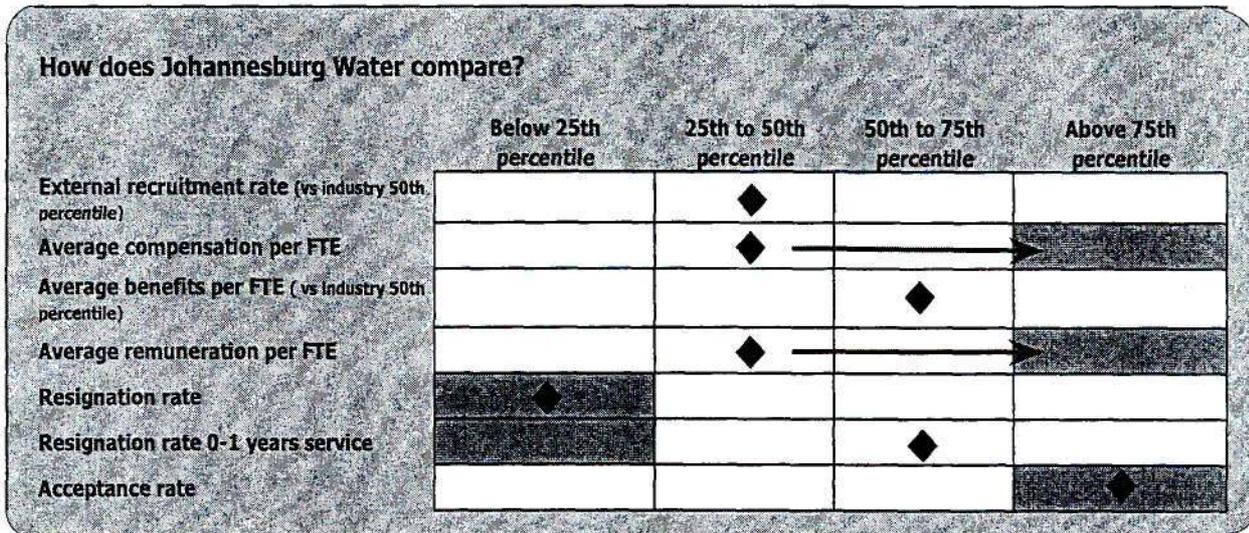
Table 6. Acquisition: This considers the profile and effectiveness of the recruitment of skills and talent.

Benchmarks	Unit of measure	2000/01 score	2002/03 score	Local Utilities Sector 2001/02		
				25th	50th	75th
Average remuneration per FTE	Rands	71,155	101,858	85,273	127,120	161,203
Average compensation per FTE	Rands	56,379	75,337	64,428	108,261	124,016
Average benefits per FTE	Rands	14,775	26,521	18,859	24,139	37,187
Resignation rate	%	1.00%	1.6%	2.1%	2%	2.3%
Resignation rate 0-1 years service	%	0.0%	11.0%	4.4%	5.1%	11.7%
External recruitment rate	%	1.00%	5.90%	4.3%	5.0%	9.6%
Internal recruitment rate	%	14%	5.7%	5.0%	12.9%	14.3%
Average cost per hire	Rands	N/A	5,180	4,137	5,624	13,311
Acceptance rate	%	N/A	99%	N/A	N/A	N/A

Indicates Johannesburg Water's results historically and compared to the Local Utilities sector

Source: Johannesburg Water, Benchmarking Survey, 2003: 14

Figure1. Acquisition. Performance Comparison: Local Utilities Sector



Indicates the movement needed in order to improve performance

Source: Johannesburg Water, Benchmarking Survey, 2003: 14

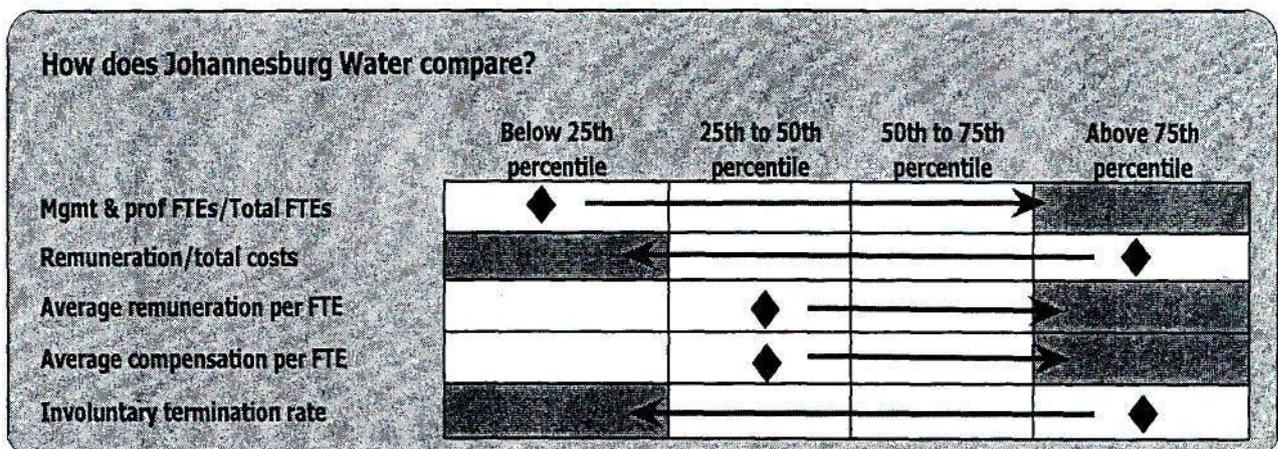
Table 7. Maintenance: Review of those activities and outcomes that reflect how human capital is sustained in order to create value for the organisation.

Benchmarks	Unit of measure	2000/01 score	2002/03 score	Local Utilities Sector 2001/02		
				25th	50th	75th
Remuneration/total costs	%	11.00%	12.0%	10.3%	10.6%	11.4%
Average remuneration per FTE	Rands	71,155	101,858	85,273	127,120	161,203
Average compensation per FTE	Rands	56,379	75,337	64,428	108,261	124,016
Average benefits per FTE	Rands	14,775	26,521	18,859	24,139	37,187
Total benefits/total compensation	%	26.00%	35.0%	26%	30%	39.5%
Attendance related pay	%	3.00%	14.0%	0.8%	6.6%	7.5%
Management & Professional FTEs/Total FTEs	%	11.00%	8.9%	11.9%	22.7%	23.4%
Non-permanent staffing ratio	%	0.05%	1.0%	0.08%	0.22%	11.29%
Absence rate	%	2.00%	3.0%	3.3%	3.7%	3.7%
Absence cost per FTE	Rands	970	2,347	3,543	3,880	4,254
Involuntary termination rate	%	5.00%	7.7%	4.1%	4.2%	4.5%

Indicates Johannesburg Water's results historically and compared to the Local Utilities sector

Source: Johannesburg Water, Benchmarking Survey: 18

Figure 2. Maintenance. Performance Comparison: Local Utilities Sector



Indicates the movement needed in order to improve performance

Source: Johannesburg Water, Benchmarking Survey: 18

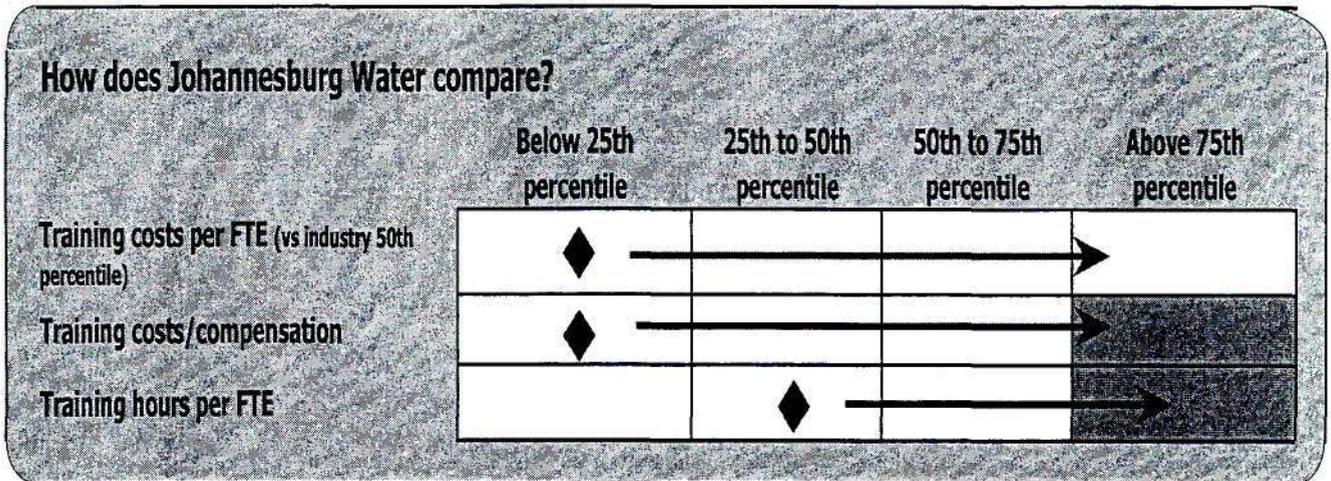
Table 8. Development: Reflects on how human capital is nurtured to increase the value it creates for the organisation

Benchmarks	Unit of measure	2000/01 score	2002/03 score	Local Utilities Sector 2001/02		
				25th	50th	75th
FTEs per training function FTE	x:1	N/A	1,277	43	71	107
Training costs per FTE	Rands	33	1,169	3,685	5,842	9,367
Training hours per FTE	Hours	6	52	31	146	152
Management training hours per FTE	Hours	N/A	59	30	71	113
Non-management training hours per FTE	Hours	N/A	51	32	103	120
Developmental training hours per FTE	Hours	5	6	73	74	99
Technical training hours per FTE	Hours	1	46	45	53	62
Training costs/compensation	%	0.06%	1.5%	5.6%	6.8%	9.6%

Indicates Johannesburg Water's results historically and compared to the Local Utilities sector

Source: Johannesburg Water, Benchmarking Survey: 23

Figure 3. Development. Performance Comparison: Local Utilities Sector



Indicates the movement needed in order to improve performance

Source: Johannesburg Water, Benchmarking Survey: 23

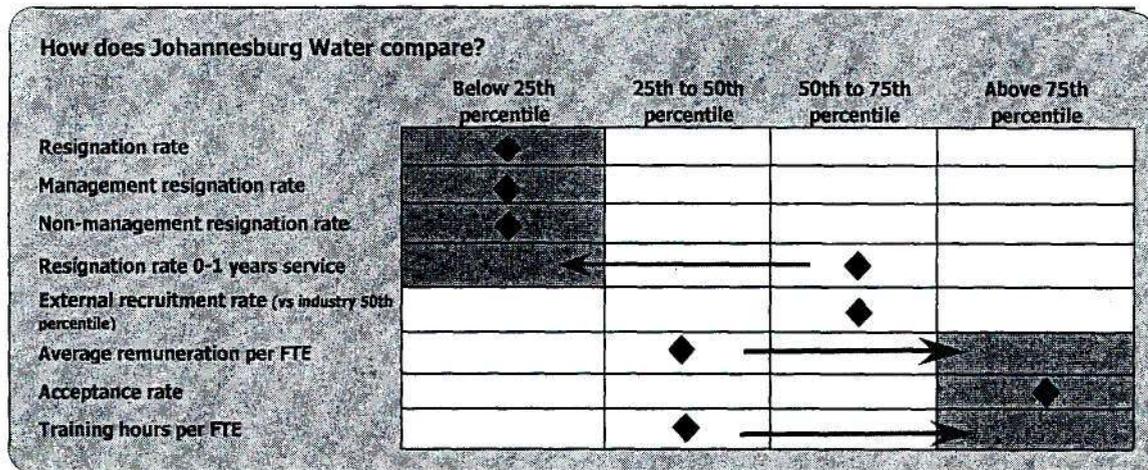
Table 9. Retention: Reflects the success of securing human capital in order to ensure continued contribution to organisational performance.

Benchmarks	Unit of measure	2000/01 score	2002/03 score	Local Utilities Sector 2001/02		
				25th	50th	75th
Average remuneration per FTE	Rands	71,155	101,858	85,273	127,120	161,203
Total benefits/total compensation	%	26.00%	35.0%	26%	30%	39.5%
Absence rate	%	2.00%	3.0%	3.3%	3.7%	3.7%
Absence cost per FTE	Rands	970	2,347	3,543	3,880	4,254
Resignation rate	%	1.00%	1.6%	2.1%	2%	2.3%
Management resignation rate	%	0.0%	1.6%	3.0%	4.7%	5.1%
Non-management resignation rate	%	2.0%	1.3%	1.3%	1.5%	2%
Resignation rate 0-1 years service	%	0.0%	11.0%	4.4%	5.1%	11.7%
Acceptance rate	%	N/A	99%	N/A	N/A	N/A
Training hours per FTE	Hours	6	52	31	146	152
Developmental training hours per FTE	Hours	5	6	73	74	99
Technical training hours per FTE	Hours	1	46	45	53	62

Indicates Johannesburg Water's results historically and compared to the Local Utilities sector

Source: Johannesburg Water, Benchmarking Survey: 26

Figure 4. Retention. Performance Comparison: Local Utilities Sector



Indicates the movement needed in order to improve performance

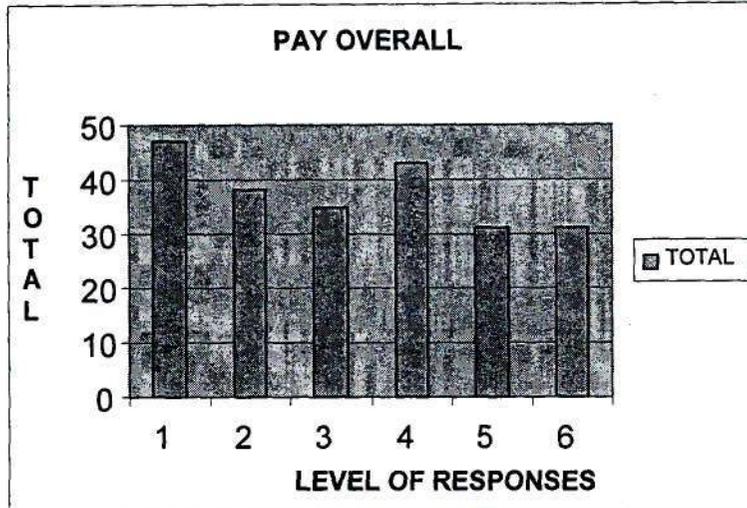
Source: Johannesburg Water, Benchmarking Survey: 26

3.5 Job Satisfaction Survey (2005) (Primary data)

The 2005 survey as referred to on pages 28 and 29, paragraphs 3.2 and 3.3 designed for the collection of primary data yields 11 scores. Each of the 10 subscales can produce a separate facet score with the total combining to provide a total score. Appendix 4 indicates the categorisation of items (questions) into the subscales. Each subscale comprises four items (questions) with a potential score from 1 to 6 and a minimum of four ones or maximum of four sixes subscale. The total possible score per subscale is therefore the scores of the respondents added together. In evaluating the primary data from the job satisfaction survey, (JSS) (2005) the scoring was simplified by counting the number of respondents that scored against each of the levels from one to six. The total responses against a subscale from all the respondents will therefore provide a spread of responses that indicate the total responses ranging from a score of 1 which signifies a high level of disagreement with a statement to a 6 which indicates agreeing very much. In order to further simplify the results and make graphic representation in bar chart format possible, the number of responses to each item from 1 to 6 was calculated giving an indication of the satisfaction level per subscale. The ratio of negative (1-3) versus positive (4-6) responses was used to arrive at an indicator of neutrality, a positive attitude (more than half of the responses were from 4 to 6) or a negative attitude (more than half the responses were from 1 to 3). There is of course an inherent weakness in this approach in that there is no weighting of the responses in that even if 50 percent of responses were at level six and the balance spread from levels one to three the overall indication would be one of neutrality. It was nevertheless decided to adhere to the initial approach in view of the fact that the results indicated a fair spread across the spectrum.

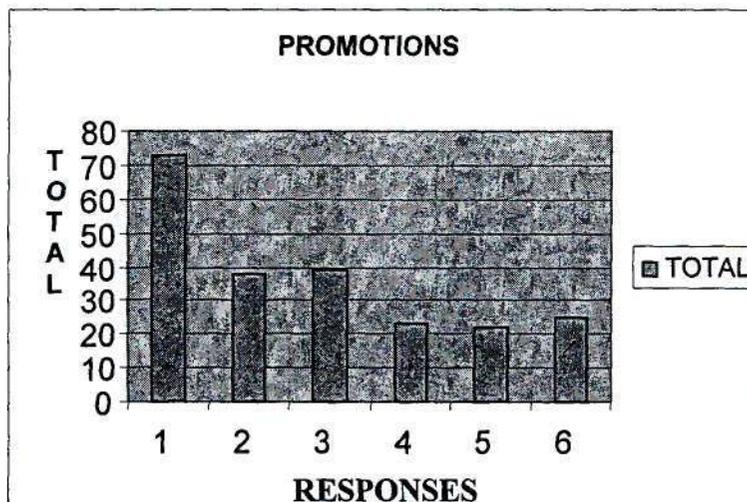
The following figures, 5 to 15, summarise the overall results obtained from the job satisfaction survey (JSS) (2005), by indicating the responses per level (1-6) and the overall positive or negative percentage based on the responses.

Figure 5: Pay Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



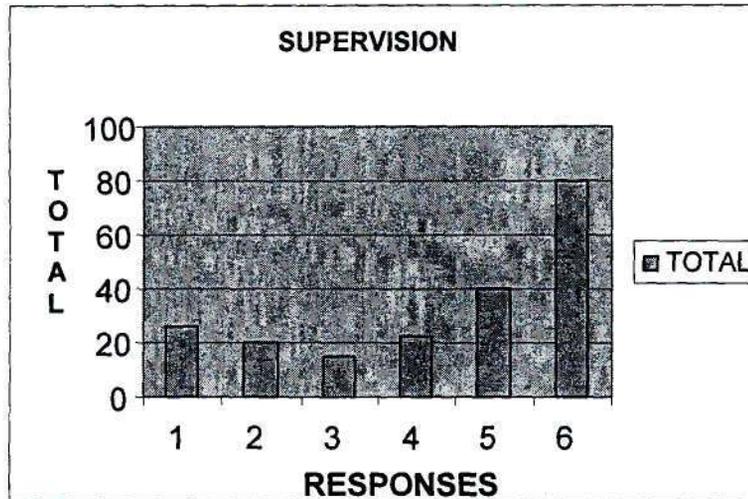
The satisfaction level indicates that 53 percent of the sample, n=225, have a negative attitude towards pay. The results further indicate that 21 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 14 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 6: Promotions Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



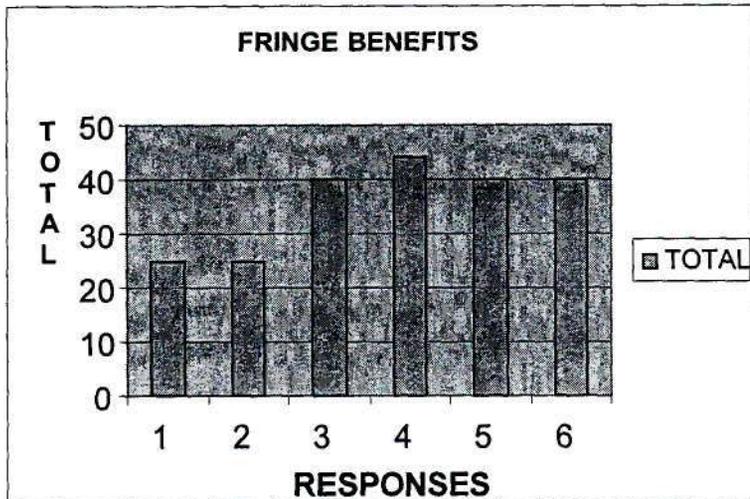
The satisfaction level indicates that 68 percent of the sample, n=220, have a negative attitude towards promotions. The results further indicate that 33 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 11 percent were very satisfied (scores of 6 on the 6 point scale).

Figure 7: Supervision Facet (subscale) of Job Satisfaction Survey Primary Data



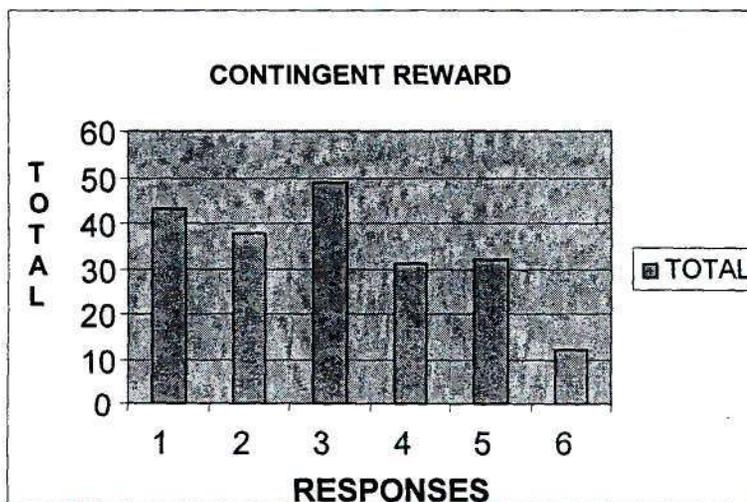
The satisfaction level indicates that 70 percent of the sample, n=203, have a positive attitude towards supervision. The results further indicate that 13 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 39 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 8: Fringe Benefits Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



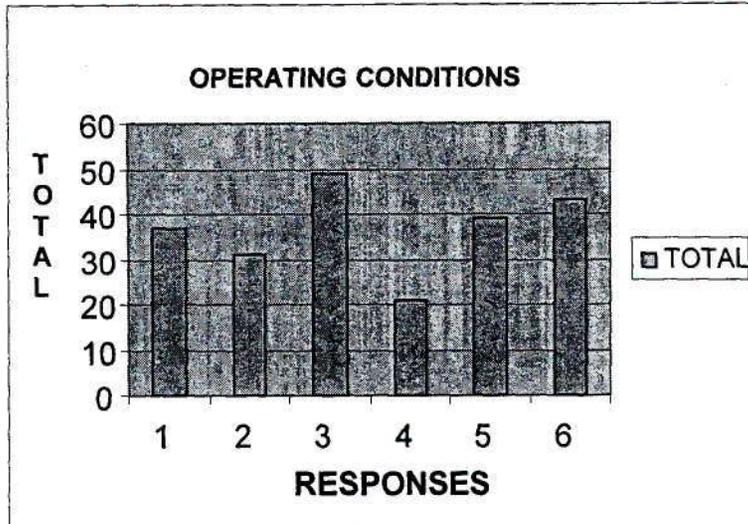
The satisfaction level indicates that 58 percent of the sample, $n=214$, have a positive attitude towards fringe benefits. The results further indicate that 12 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 19 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 9: Contingent Reward Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



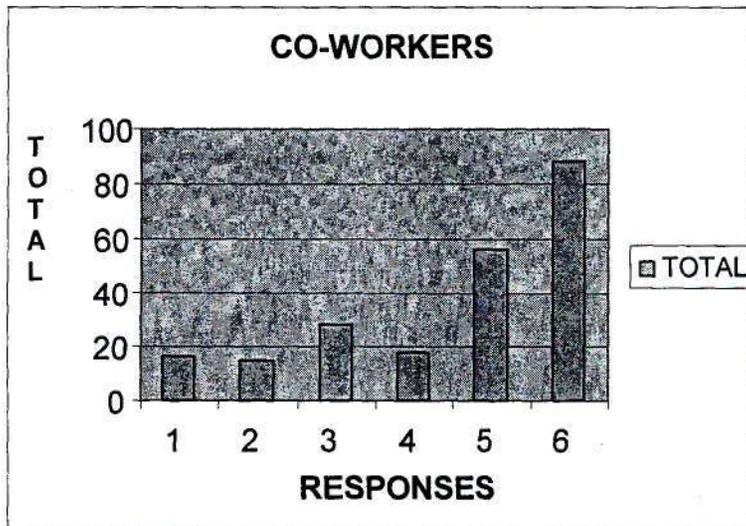
The satisfaction level indicate that 63 percent of the sample, $n=205$, have a negative attitude towards contingent reward. The results further indicate that 21 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst only 6 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 10: Operating Conditions Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



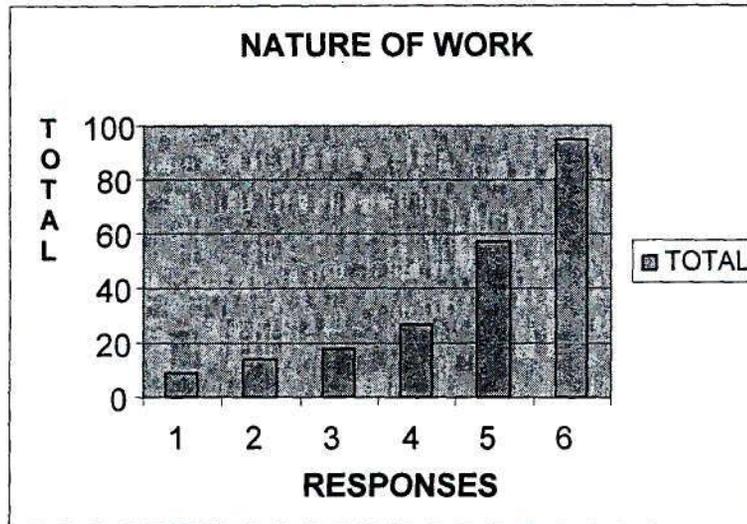
The satisfaction level indicates that 53 percent of the sample, n=220, have a negative attitude towards operating conditions. The results further indicate that 17 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 20 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 11: Co-workers Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



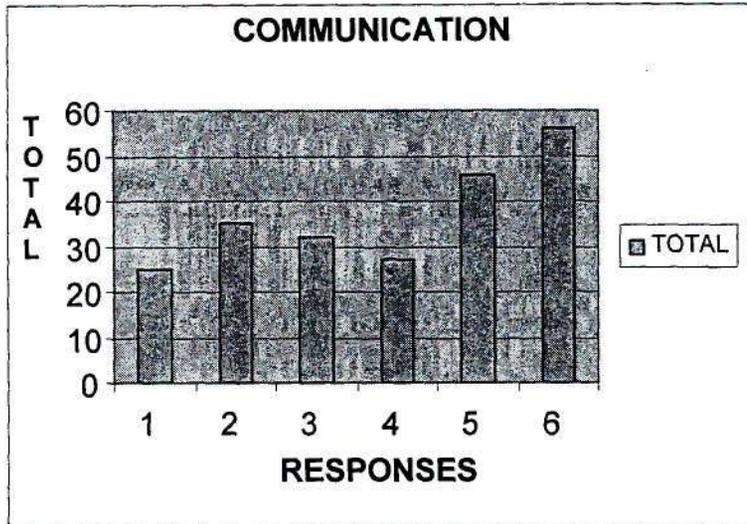
The satisfaction level indicates that 73 percent of the sample, n=221, have a positive attitude towards co-workers. The results further indicate that 7 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 40 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 12: Nature of Work Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



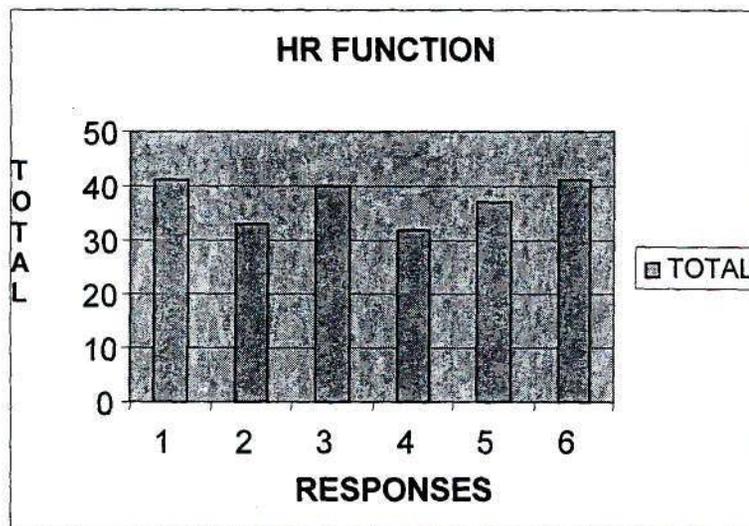
The satisfaction level indicates that 81 percent of the sample, n=220, have a positive attitude towards the nature of work. The results further indicate that only 4 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 43 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 13: Communication Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



The satisfaction level indicates that 58 percent of the sample, $n=221$, have a positive attitude towards communication. The results further indicate that 11 percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 25 percent were very satisfied (scores of 6 on the 6 point scale)

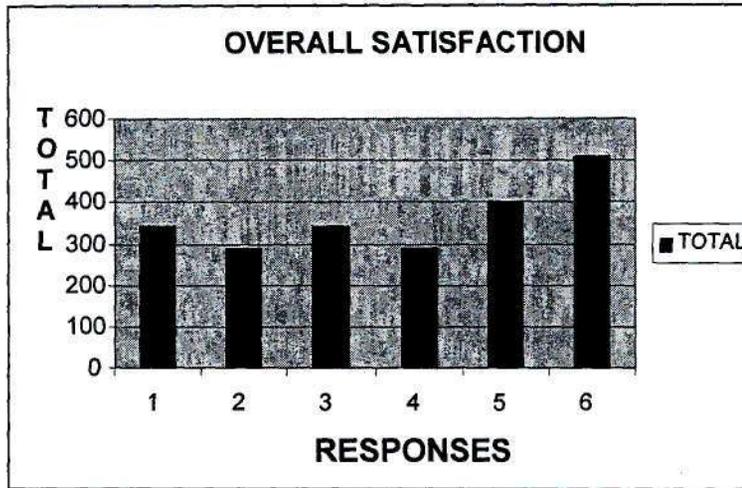
Figure 14: Administration Facet (subscale) of Job Satisfaction Survey Primary Data (2005)



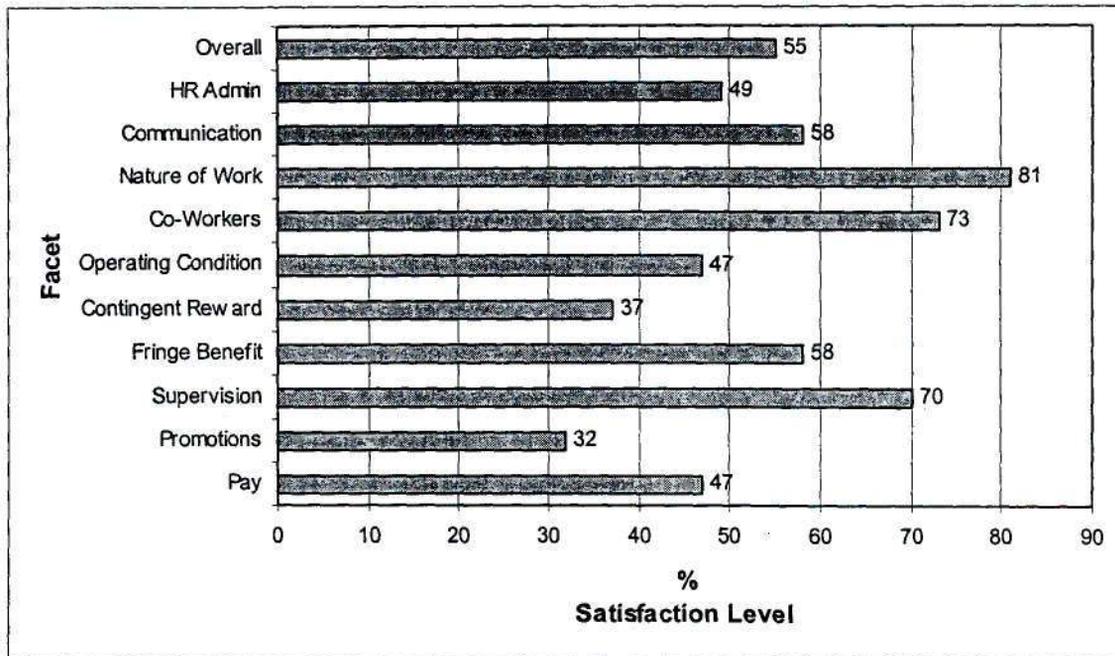
The satisfaction level indicates that 51 percent of the sample, $n=224$, have a negative attitude towards administration. The results further indicate that 18

percent experienced high levels of dissatisfaction (scores of 1 on the 6 point scale) whilst 18 percent were very satisfied (scores of 6 on the 6 point scale)

Figure 15: Overall Satisfaction Indicator: aggregation of the responses. (2005)



Aggregation of all the responses, $n=2173$, indicate that 55 percent are positive overall. It will be noted that overall the satisfaction levels are evenly distributed across the six possible responses. The high levels of satisfaction indicated in respect of co-workers and nature of work, however, skews the final results towards an overall level of satisfaction.

Figure 16. Job Satisfaction 2005: Primary Data summary

3.6 Data Analysis

The secondary data described in paragraph 3.4, pages 32 to 42 provides information on the performance of the company as described in the benchmarking results (Resolve 2003) and the levels of employee satisfaction as per the 2003 survey results. (Organisational Diagnostics: 2003) The data highlights the situation in the company as at 2003 and serves as a source for comparison with the primary data obtained from the job satisfaction survey (JSS) in 2005. The 2003 employee satisfaction survey dealt with areas outside the domain of the JSS with the only possible areas for commentary that of teamwork (co-workers), leadership (supervision) and communication. In the evaluation of the data and assessment of the hypothesis, the secondary data will be used to make comparisons and links to the area of operation of the Human Resources function as discussed at the hand of the benchmarking exercise where the critical measurement areas of the function are compared to selected organisations of a similar nature. Using the benchmark results as the basis and comparing the employee satisfaction and JSS results, it will then be possible to determine if

there is a relationship between areas where job satisfaction is high or low and those areas where the function performs well against the benchmark. If no complimentary results are found, it is likely that the impact of the Human Resources function on job satisfaction and its benchmarked performance is not a major factor and more coincidence or happenstance. The Herzberg theory (1959) will be expected to predict that benchmark results will have no effect on job satisfaction levels.

The benchmarking exercise results correspond with the areas measured with the JSS in so far as pay, promotion, supervision, fringe benefits and contingent rewards are concerned, whilst the retention component and training investment can be linked to operating conditions and nature of work.

Overall job satisfaction in 2005, figure 15, page 50, when compared to the 2003 survey summarised on page 33, table 5, indicates a reduction from a rating of 61% (11% above neutral) in 2003 to 55% (5% above neutral) in 2005, some 18 months later. Figure 16 on page 51 summarises the findings of the 2005 survey.

In the areas where comparison is possible, the following is noted: (The 2003 and 2005 results percentages are based on the results of the two surveys with the mean indicating the overall score for the facet with 50 percent being neutral.)

TABLE 10. Survey results 2003 versus 2005

Area	Result 2003	Result JSS 2005
Teamwork/ Co-workers	64.4% mean	73.3% mean
Leadership/ Supervision	62% mean	69.95% mean
Communication	53% mean	58% mean

Source: Organisational Diagnostics: 2003 and Johannesburg Water, Job Satisfaction Survey: 2005

Using the company wide results of the 2003 survey as a control measure, it is evident that a consistent result is obtained across the three areas of comparison. From the comparison it is evident that the results were consistently higher in 2005 compared to 2003 with the major increase being in the area of teamwork/co-workers. As previously mentioned, the two surveys differed in that the 2003 survey covered a much larger portion of the workforce, (all departments) whilst the 2005 survey used a sample of the head office and support functions where the grades are generally higher with a larger portion of white collar workers being employed in the relevant area. The final result for 2005 is lower than the 2003 results, yet in the areas where comparison is possible, Table 10 above, the 2005 results point to a higher level of satisfaction across the three areas of 67 percent as opposed to the 2003 results of 60 percent. This is against the background of a lower overall result in 2005 of 55 percent as opposed to 61 percent in 2003. It will be noted that the areas of pay, promotion and contingent reward which returned negative results and which were not covered in the 2003 survey caused the final results to be lower. If these results are compared to results reported by Spector (1997) it is noted that a survey of job features important for Americans and the levels of satisfaction with each indicate that earning a high income (pay) and chances for promotion are amongst the lowest in so far as satisfaction levels are concerned. Refer to Table 2, page 12. The results obtained in these areas in the 2005 survey are therefore not unique although overall lower than those in Table 2.

The survey (JSS) covered five areas, namely: pay, (Table 9), supervision, (Table 11), fringe benefits, (Table 12), operating conditions, (Table 14) and co-workers (Table 15) that are identified as hygiene factors by Herzberg. The results for the areas reflect a negative return for pay (47 percent), very positive for supervision (70 percent) and co-workers (73 percent) and moderate levels of satisfaction for operating conditions (47 percent) and fringe benefits (42 percent). Based on the results, it can be expected that Herzberg will predict a measure of dissatisfaction which will make it difficult to achieve higher levels of satisfaction. The results of

the 2005 survey for the areas that represent the motivators (Herzberg: 1959), are mainly represented by the areas of promotions (achievement, recognition and advancement) and nature of work. Of these, promotions returned a negative result (42 percent) and nature of work very positive results (81 percent).

As far as the benchmark results are concerned, the following is noted in the areas where comparison is possible: (The benchmark indicates below or above the external benchmark in so far as the findings are concerned. The 2005 result percentages are based on the results of the 2005 Job Satisfaction Survey with the mean indicating the overall score for the facet with 50 being neutral).

TABLE 11. Comparison: Benchmark factors and JSS results

Area	Benchmark level	JSS Result
Pay	Below	46.67% mean
Promotion	Neutral external rate	41.82% mean
Supervision	Below	69.95% mean
Fringe benefits	High	57.94% mean

Source: Organisational Diagnostics: 2003 and Johannesburg Water, Job Satisfaction Survey: 2005

In this instance, unlike the comparison of the two survey findings, there is little to indicate a link between the company Human Resources benchmark performance and the job satisfaction levels. The benchmark for pay places the company at the 25th to 50th percentile when compared with the local utilities sector. This is echoed by the 2005 job satisfaction survey results that indicate a negative result. If the research by Spector (1997), as discussed above, is however considered, employees in America are found to be generally less satisfied with pay than other aspects of the job. One must also take cognisance of the possibility that the composition of the workforce in the local utilities sector could possibly be less labour intensive than that in Johannesburg Water resulting in a higher average level of remuneration. The external recruitment rate, which in terms of the

benchmark results appear to be similar to the internal rate, provides some insight into the very negative perception around promotion. Employees clearly believe that more internal staff should be promoted instead of external appointments with a culture of entitlement possibly developing. Promotion (advancement) is categorised as a motivator in the Herzberg (1959) theory and if the results of the job satisfaction survey are to be evaluated it indicates that the expectation is for internal promotion to outstrip external appointments. Being more or less in line with the benchmark in so far as internal versus external appointments are concerned appears to have a negative impact on job satisfaction.

In so far as the results for fringe benefits are concerned, there appears to be consistency between the benchmark results where Johannesburg Water is at the level of the 50th to 75th percentile and job satisfaction at 57 percent. Benefits are deemed the most important feature of a job by Americans, (Spector: 1997) with satisfaction levels being lower than most other features.

Finally, the area of supervision returned inconsistent results with the benchmarked factors indicating low scores for the number of managers and professionals to total employees yet the satisfaction levels for supervision in the 2005 survey are very high at 69 percent when compared with the overall mean of 55 percent. This is difficult to explain and may well be ascribed to organisational culture and not specifically supervisory skills. Based on the comparisons between job satisfaction facets and benchmark factors that are deemed possible to compare in this study, the effect on hygiene (maintenance) factors is more pronounced than that of the single motivator that could be compared. In Table 11 it will be noted that supervision, pay and fringe benefits, which can be linked to pay (salary) in this context and which are identified as hygiene factors are more affected by the areas that can be benchmarked. Of the motivators, only advancement (promotions) could be benchmarked with the benchmark measuring the proportion of external to internal appointments. The extent of the improvement is also relative to other factors in the organisation such as

perceptions of unfairness of the appointment process that could, for instance, result from the application of the employment equity policy.

The four benchmarked factors identified in Table 11 as comparably to the facets that can be measured for levels of job satisfaction suggest that, based on the data analysis, benchmarking will influence job satisfaction.

Chapter 4. Discussion of Findings

4.1 Implications of the Data Analysis

The study was essentially empirical, relying on the practical experience in the Company derived from the 2003 Employee Satisfaction Survey (Outsourced to Organisational Diagnostics) (Organisational Diagnostics: 2003) and the results of a benchmarking study applying the Saratoga process (under licence of the Resolve Group of Companies) and comparing the results.

The study was designed to deal with the issue of job satisfaction as an area of delivery for the Human Resources function in a company and the impact of benchmarked factors on this. Although the company is large (turnover of almost R3b with 2700 employees) the survey initiated for the latest job satisfaction results (2005) covered the head office and support functions comprising just over 600 employees. This is contrasted to the results of the other instruments used (the 2003 employee satisfaction survey and benchmarking exercise) that covered the whole company but is deemed relevant as discussed earlier to the job satisfaction results from the 2005 survey. Comparing the results of the two satisfaction surveys, Table 10, results in the comparable areas are consistent.

The hypothesis focused on the question of whether improvements in benchmark factors in the areas of influence of the Human Resources function will positively influence employee job satisfaction.

The areas used for measurement based on research into various surveys were measured and although it is accepted that Human Resources on its own is not the custodian of outputs in the work environment but only sets the tone or prepares the field, so to speak, the comparison of the results of the two employee related surveys with the benchmarking information is disappointing. It indicates that there is limited consistency between the areas of excellence or

otherwise for the Human Resources function and areas where there is a high level of job satisfaction. For instance, the results of the benchmark evaluation for managerial expertise or supervision reflects a below average ratio of professionalism (Table 6) with the result being below the 25th percentile when compared to other benchmarked organisations, yet the satisfaction level with supervision is high (69.95%). Training investment (Table 7) also reflects a below average return against the benchmark leaving the conclusion that there must be other reasons for high levels of satisfaction with supervision and thus a significant contribution to overall levels of satisfaction. Evaluation of the variables in the hypothesis suggests that the improvements in job satisfaction in the benchmarked areas would be the result of an intervening variable in that the improvements in the Herzberg (1959) factors that influence job satisfaction as a result of better benchmarked results lead to enhanced job satisfaction.

This is not confirmed by the results obtained from the comparison of benchmark factors and levels of job satisfaction in the comparable areas. The relationship between the common factors identified that influence job satisfaction and that can be measured against benchmarked factors appears tentative and not sufficient to derive firm findings.

The employee satisfaction survey identified communication as one of the areas with the lowest levels of satisfaction in 2003 whilst the JSS returns a positive result for this area. As described in paragraph 1.3 on page 5 the employee satisfaction survey rated administration as the facet with the lowest levels of satisfaction. The JSS returned a very minor level of dissatisfaction for this. These are of course, from a Human Resources point of view, areas that can influence many of the other aspects that impact on job satisfaction, even supervision and working conditions where good communication and administration may contribute to providing a feeling of satisfaction in general. Communication and Administration are, however, not areas that are easily benchmarked and thus not measurable in terms of comparisons with other

organisations, but the influence of the two measurement areas singled out for discussion here, namely administration (from an HR perspective) and communication cannot be underestimated and policies and specifically transactional interventions by the Human Resources function can make a contribution to the elimination of dissatisfaction. This is reflected in the responses to the survey questions on the handling of requests for details of benefits, correctness of salary, having to wait for responses from Human Resources and complaints about Human Resources. These areas are related to standard Human Resources transactions and if handled in a professional manner with visible service delivery it is an area of dissatisfaction that can be addressed. Figure 14 indicates a neutral result in the 2005 survey (Johannesburg Water: 2005) and this must be indicative that a major difference can be made to areas of dissatisfaction by eliminating the identified administrative areas that cause dissatisfaction.

The areas identified by Herzberg as motivators and included in the survey again do not show a relationship with the benchmarked areas of the Human Resources function. As discussed in the evaluation and analysis above, the inference is that the areas selected by international standards (Saratoga Benchmarking) for measurement of Human Resources excellence do not necessarily have relevance to those factors that provide motivation to work. One of the areas of dissatisfaction, for instance, deals with advancement which provides a negative result, whilst the external recruitment rate is below the 50th percentile. Clearly employees want to advance regardless of the depth of experience and skills in an organisation and reject the notion that an organisation must recruit externally as well.

There is a propensity for the Human Resources function to use job satisfaction as one determinant of its effectiveness and it is no different in Johannesburg Water where the Human Resources Balanced Score Card provides for one of the measurements of success to be an improvement in employee satisfaction levels.

The literature (Voisey, et al: 2002), however, supports the view that job satisfaction levels are an important measure in an organisation. Benchmarking the activities is, on the other hand, indicative of financial success although a number of benchmarked areas correspond with the areas of measurement for job satisfaction.

With reference to Herzberg (1959) it is possible that it can be predicted that excellence or otherwise in benchmark factors will have no effect on job satisfaction. The areas identified in the study relate, in the main, to the hygiene factors comparison to benchmarked results and as found by Herzberg, et al (1959: 115) satisfying the need for fair treatment in compensation, supervision, working conditions and administrative practices does not motivate the individual to high levels of job satisfaction. The motivators revolve around job factors that reward the individual's needs to reach his aspirations and lead to self actualisation, Herzberg, et al (1959: 114). No evidence could be found that it is possible to benchmark job factors and if the Herzberg theory is applied the prediction is that benchmarked factors will have no effect in improving levels of job satisfaction. The factors that affect the motivators are intrinsic to the job and assist in self actualisation whilst the extrinsic factors that surround the job (the hygiene factors) do not provide the basic satisfaction derived from performing the task.

4.2 Conclusion of Findings.

Based on the data analysis a view that benchmarked factors and levels of job satisfaction are related is supported. It is, however, only in the areas described as hygiene factors (pay, supervision and fringe benefits) that any relationship can be established. Whilst it is possible to benchmark promotion/advancement based on percentage of jobs filled by internal candidates it is not sufficiently indicative of a factor that can act as a motivator. It is probably rather an indicator of skills

levels in an organisation and on its own cannot be deemed to influence job factors.

Although the correlation in results between those benchmarked factors and hygiene factors listed in Table 11 may not be adequate, it is nevertheless of note that it is possible to compare the factors. Whilst it is according to the Herzberg theory not possible to get highly motivated employees through improvement in hygiene factors only, the results of the study indicate that it is likely that improvements in the areas that influence benchmarks will also have an influence in the hygiene factors.

Chapter 5. Conclusions

5.1 Comments.

One of the more important issues for an organisation is the level of employee commitment and loyalty with the commensurate levels of employee retention and productivity. The theory around job satisfaction is diverse, with various small studies indicating a variety of reasons for levels of job satisfaction or motivation. A concern for the organisation is the impact of the various activities on job satisfaction, with specific reference to the difference that the Human Resources function can make.

The literature review provided an overview of the various approaches to the question of job satisfaction with the finding by Shea (HR Magazine: October 2002) that the workplace is not a satisfying place for many employees and that the major issues are not supervisory or co-worker related but connected to bonuses, promotions, training, wages, family leave and flexitime. This leaves a number of questions regarding the established theories. The Price Waterhouse Coopers, (PWC 2002) Human Capital Survey highlights the need for Human Resources strategies in organisations and finds support in the experiences described at Sears Roebuck and the views of Ulrich (1997).

Considerable pressure is exerted in the Human Resources environment for the function not to be a cost centre only but to find ways of measuring its return on investment. This leads to the use of benchmarking tools to measure effectiveness and use cost as one measure to indicate effectiveness. This poses the question whether it is possible to pursue both a cost effective Human Resources environment and advance levels of job satisfaction. In this regard the hypothesis is not proven with a number of inconsistencies indicating that the relationship is tentative.

The nature of the study was descriptive and used secondary data already available to establish levels of employee and job satisfaction in the organisation, obtained with the use of surveys, one of which (2003) was against the background that it is a Human Resources based intervention with the Human Resources Department being measured. The result is that employees were providing their views based on a structured approach from the Human Resources perspective with a view to getting their perceptions of the Human Resources function based on levels of employee satisfaction in the one instance, whilst the later survey (JSS) used a predetermined instrument based on general measurement of job satisfaction. The results were consistent, indicating that levels of satisfaction did not necessarily differ if the questions were asked against the background of employee satisfaction based on satisfaction with the Human Resources function. In fact, the mean for the earlier survey, based on the Human Resources function, was slightly higher overall than the results obtained with the JSS.

The findings of the research indicate that although there is a link between employee levels of job satisfaction and perceptions of the Human Resources function, the use of only one parameter, job satisfaction without consideration of benchmarked levels of performance can lead to incorrect inferences regarding the effectiveness of specific Human Resources strategies.

5.2 Recommendation.

Notwithstanding the fact that the hypothesis proposed is rejected, it is encouraging to note that the research has highlighted the need for a variety of measures to be considered when assessing the effectiveness of specific Human Resources strategies. It is recommended that Human Resources strategies be aimed at firstly ensuring financial sustainability and then linking the outcome to the organisational culture issues that influence the levels of job satisfaction. The common thread is communication with the need for employees to fully

understand the reasons for certain strategies and outcomes. In this regard, the issue of external appointments that cause dissatisfaction whilst the company exceeds the benchmark for internal promotions is a case in point, where a better understanding of the needs that drive the actions could prevent dissatisfaction.

The optimum approach will be the introduction of a tool for measuring benchmark factors for financial excellence in the Human Resources function whilst adequately addressing the Hygiene (maintenance) factors and specifically those that address dissatisfaction and link to the benchmarks thus ensuring a position of no dissatisfaction. This must however, be considered against the background of undersupplied or poorly supplied Hygiene (maintenance) factors that are not always in the Human Resources domain only. Such a strategy will however require in depth research and focus group studies with an understanding of the impact of job satisfaction on retention and productivity to name two areas. The fact of the matter is that even if some factors such as pay are inadequate, a well considered Human Resources strategy can assist in creating a situation where reasonable levels of satisfaction are demonstrated. The requirement will be that the specific maintenance factors that influence job satisfaction and that are lacking be brought up to an acceptable level without detrimentally affecting the hard variables such as productivity and retention. The overall impression is that the Human Resources function benchmark factors indicate good results against a background where many maintenance factors remain inadequate. The risk is over emphasis on the benchmark results without providing for the maintenance factors and relying too much on high effort from the Human Resources function without the necessary support in the provision of those variables that enhance job satisfaction.

The strategy followed by an organisation will be optimised if the job factors are considered crucial to the creation and maintenance of a motivated workforce by using the Herzberg theory as a guideline and addressing job factors that have been identified as a requirement for self actualisation. This will relate to the

intrinsic elements of the job that influence the success or otherwise of the employee in the job and the growth experienced by the incumbent. Herzberg, et al (1959: 113).

The extrinsic elements on the other hand as described by Herzberg et al (1959: 113) as Hygiene factors are important to ensure that the individual does not perceive an unacceptable work environment and the resultant dissatisfaction.

Allied to this, an organisation such as Johannesburg Water can ensure that it measures not only the level of job satisfaction by using an appropriate instrument such as the Job Satisfaction Survey (JSS) to measure the effectiveness of the extrinsic job factors but also benchmarks the factors that relate to these factors as discussed above with a view to ensuring that it remains relevant in so far as other similar organisations are concerned. Although the conclusion is reached that the hypothesis is not proven, there is nevertheless sufficient evidence to suggest that benchmarking the job satisfaction factors will not be a wasted effort and could yield indications of areas where improvements in hygiene factors can make a difference not only to the levels of satisfaction but also overall costs.

A recommendation will be made that Johannesburg Water adopts a strategic approach that provides for regular job satisfaction surveys that will include measurement in areas that can be benchmarked. The company can analyse the results with a view to providing for interventions that can make a measurable difference to Hygiene factors whilst ensuring though benchmarking that the company remains competitive and invest in the solutions that will enhance both the benchmarked factors and have the potential to influence job satisfaction through the removal of those factors that cause dissatisfaction.

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7. Appendices**Appendix 1**

Room 401
4th Floor
Traduna House

24 January 2005

To

RESEARCH: JOB SATISFACTION – ACADEMIC PURPOSES

I am in the process of finalizing a research project aimed at establishing certain relationships pertaining to job satisfaction.

I have been granted permission to administer a survey amongst Johannesburg Water employees and would appreciate your participation.

The research is based on using a sample of the Head Office and Support Services employees in the company and to this end a random sample was taken from the payroll name list representing the above sections. The fact that your name is on the list for receipt of the survey is therefore purely random.

Any participation in the survey is voluntary and results will be used for academic purposes only. You may at any time withdraw after submission of your completed questionnaire or inform me that you refuse to participate in which case your details will be removed from the frame.

A 40 question survey questionnaire will in the near future be forwarded to you and it will be appreciated if you will be prepared to complete the questionnaire when you receive it.

A cover letter confirming some of the above will accompany the questionnaire.

Yours faithfully

Leon van Tonder

Tel 688 1407 or 0827815368

Appendix 2

Room 401
4th Floor
Traduna House

8 March 2005

To:

RESEARCH: JOB SATISFACTION – ACADEMIC PURPOSES

On 24 January 2005 a letter was sent to you in connection with your voluntary participation in a research project.

Attached please find a questionnaire for completion.

It will be appreciated if you will complete both sections of the questionnaire and return it to me either by Fax to 688 1525 or internal post to 4th Floor Traduna House, Head Office for my attention. (Addressed envelope enclosed)

Although providing your name is voluntary it will be appreciated if you would consider giving your name and biographical details as it will assist in measuring the response and sending out reminders. I will also send the results of the survey to participants when finalized. As indicated in the previous letter you may withdraw at any time or decline to participate or submit an anonymous completed questionnaire.

You can if you wish return the questionnaire with an indication that you do not wish to participate; this will ensure that you do not receive a reminder if I do not receive a completed questionnaire.

Your cooperation will be appreciated.

Yours faithfully

Leon van Tonder
Tel 6881407 or 0827815368

Appendix 3

A **Biographical Information**

- 1 Name: (Optional): _____
- 2 Department: _____
- 3 Designation: _____
- 4 Age: _____
- 5 Gender: _____
- 6 Length of Service: _____
- 7 Grade: _____
- 8 Race: _____

Adapted from JOB SATISFACTION SURVEY Paul E Spector Department of Psychology University of South Florida Copyright Paul E. Spector 1994 All rights reserved For academic use only							
B	PLEASE CIRCLE ONLY ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT.	Disagree very much	Disagree Moderately	Disagree Slightly	Agree Slightly	Agree Moderately	Agree Very Much
		1	I feel I am being paid a fair amount for the work I do.	1	2	3	4
2	There is really too little chance for promotion in my job.	1	2	3	4	5	6
3	My supervisor is quite competent in doing his/her job.	1	2	3	4	5	6
4	I am not satisfied with the benefits I receive.	1	2	3	4	5	6
5	When I do a good job, I receive the recognition for it that I should receive.	1	2	3	4	5	6
6	Many of our rules and procedures make doing a good job difficult.	1	2	3	4	5	6
7	I like the people that I work with.	1	2	3	4	5	6
8	I sometimes feel that my job is meaningless.	1	2	3	4	5	6

9	Communication seems good within the organization.	1	2	3	4	5	6
10	My requests for details of benefits are handled promptly	1	2	3	4	5	6
11	Salary increases are too few and far between.	1	2	3	4	5	6
12	Those who do well on the job stand a fair chance of being promoted.	1	2	3	4	5	6
13	My supervisor is unfair to me.	1	2	3	4	5	6
14	The benefits we receive are as good as that which most other organizations offer.	1	2	3	4	5	6
15	I do not feel that the work I do is appreciated.	1	2	3	4	5	6
16	Red tape does not really block my efforts to do a good job.	1	2	3	4	5	6
17	I find that I have to work harder at my job because of the incompetence of people I work with.	1	2	3	4	5	6
18	I like doing the things I do at work.	1	2	3	4	5	6
19	The goals of this organization are not clear to me.	1	2	3	4	5	6
20	I do not have check my salary payments for correctness	1	2	3	4	5	6
21	I feel unappreciated by the organization when I think about what they pay me.	1	2	3	4	5	6
22	People get ahead as fast here as they do in other organisations.	1	2	3	4	5	6
23	My supervisor shows too little interest in the feelings of subordinates.	1	2	3	4	5	6
24	The salary and benefit package we have is equitable.	1	2	3	4	5	6
25	There are not enough rewards for those who work here.	1	2	3	4	5	6
26	I have too much to do at work.	1	2	3	4	5	6
27	I enjoy my co-workers.	1	2	3	4	5	6
28	I often feel that I do not know what is going on with the organization.	1	2	3	4	5	6
29	I feel a sense of pride in doing my job.	1	2	3	4	5	6
30	I feel satisfied with my chances for salary increases.	1	2	3	4	5	6

31	I have to remind Human Resources if I want something done	1	2	3	4	5	6
32	There are benefits we do not have which we should have.	1	2	3	4	5	6
33	I like my supervisor.	1	2	3	4	5	6
34	I have too much paperwork.	1	2	3	4	5	6
35	I don't feel my efforts are rewarded the way they should be.	1	2	3	4	5	6
36	I am satisfied with my chances for promotion.	1	2	3	4	5	6
37	There is too much bickering and fighting at work.	1	2	3	4	5	6
38	My life is enjoyable.	1	2	3	4	5	6
39	I hear co-workers complaining about problems with the HR department	1	2	3	4	5	6
40	Work assignments are not fully explained.	1	2	3	4	5	6

Note: You may withdraw at any time if you are not satisfied that the confidentiality of the results are guaranteed or if you have any other reservations about the process. You may also participate without providing your name.

The results will be used for academic purposes only and results will be kept safe and not on company premises.

Job Satisfaction Survey: Categorisation of questions

Category	Question no	Question no	Question no	Question no
Pay	1	11r	21r	30
Promotion	2r	12	22	36
Supervision	3	13r	23r	33
Fringe Benefits	4r	14	24	32r
Contingent Rewards	5	15r	25r	35r
Operating Conditions	6r	16	26r	34r
Co-workers	7	17r	27	37r
Nature of Work	8r	18	29	38
Communication	9	19r	28r	40r
Administration	10	20	31r	39r

Key: r indicates reverse scoring

Appendix 5

Dear Leon

Reference is made to your e-mail below in above regard.

Permission to undertake research for the purposes of your MBA studies as outlined below is granted.

Good luck with your studies.

Kind regards
Wallace

Wallace Mayne Pr Eng
Acting Chief Executive Manager
Johannesburg Water (Pty) Ltd
Cell: 082 452 6419
Phone: +27 11 688 1542
Fax: +27 11 688 1647/ +27 11 688 1589

-----Original Message-----

From: van Tonder, Leon
Sent: Wednesday, August 25, 2004 9:19 AM
To: Wallace Mayne
Subject: MBA Studies

Dear Wallace

As you know I am currently in the process of finalizing my MBA studies. All that is left is to complete my dissertation.

After deliberation between the supervisor and me we decided on the following title:

The relationship between job satisfaction and employee perceptions of the effectiveness of the Human Resources function: an empirical study of Johannesburg Water.

The dissertation will be research based and as such I will need to poll perceptions and opinions of JW staff. This will involve a questionnaire on job satisfaction amongst the support services staff in all likelihood.

It will be appreciated if you could give permission for me to pursue this research in JW, the results which will of course be available to the company.

The only support I require is the use of company email facilities for distribution of questionnaires.

Regards

Leon

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