

# Leveraging Herzberg's Theory for Employee Satisfaction in VUCA World

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## Abstract

In this disruptive time, when stability is a constant concern for HR professionals across all industries, there are a few sectors that are demonstrating positive results. In these cases, employee satisfaction is a critical component of the business model. The higher the level of employee happiness, the lower the attrition rate, which is directly related to worker fulfilment. This work, through contextual analysis, highlights the concept of the hygiene theory proposed by Herzberg and how it can be utilized to enhance employee satisfaction in this VUCA (Volatile, Uncertain, Complex, and Ambiguous) environment. Herzberg's theory suggests that certain factors in the workplace lead to job satisfaction, while a separate set of factors cause dissatisfaction. By addressing hygiene factors such as company policies, supervision, salary, interpersonal relations, and working conditions, organizations can prevent employee dissatisfaction. Concurrently, by focusing on motivators like recognition, responsibility, and opportunities for growth, companies can significantly improve overall employee satisfaction and productivity. This dual approach is essential for HR professionals aiming to maintain a stable and motivated workforce amidst the ongoing uncertainties.

**Keywords:** *Employee Satisfaction, Hygiene Theory, VUCA Environment, Motivation.*

## INTRODUCTION

In this VUCA (Volatile, Uncertain, Complex and Ambiguous) environment HR professionals are struggling to make their employee satisfied because of many reasons of employees' disintegration towards their existing task, role and responsibility and also toward their serving organisation. Some of the normal reasons are pay, reward and acknowledgment, insensitive man managing along with the shabby infrastructural factors and unambiguous policies making the list of reasons of employee dissatisfaction longer which essentially impact attrition rate. Employee satisfaction is a positive reaction toward job situation resulting in the employee obtaining value from the job. It also means the feeling and attitude people have towards their respective jobs. Positive reaction towards the job shows employee satisfaction while negative reaction shows workplace dissatisfaction. Employee satisfaction ensures the loyalty of the worker towards the firm and that helps to reduce employee turnover and promote organisational citizenship. Employee satisfaction has become the single most important factor of employee retention than it ever has before which leads us to the question of how to give an employee the sense of contentment regarding his/her job in this highly volatile business environment where the employee's interests and demands change rapidly due to a small change in the socio-economic conditions of the country. Employee satisfaction depicts the health of the organisation, unless the employees feel satisfied with their jobs, they won't be able to

perform up to their full potential and therefore making employee feel satisfied with their work is essential. The infrastructural changes and policy changes must be done keeping in mind what exactly the employees want, there should be minimum discrepancy between what the employees collectively expected and what they got. Job satisfaction influences productivity hence it is a non-negotiable factor on which the organisation cannot compromise. It is often said that “A happy employee is a productive employee” and add to the fact that a satisfied employee also has a healthy physical and mental well-being. To understand and analyse this situation we will be closely following the concept of the two factor theory developed by Frederick Herzberg in 1959 also known as the Herzberg’s motivation-hygiene theory and then deduce its relevancy in this VUCA environment to motivate and satisfied employees.

## REVIEW OF LITERATURE

Anju K J & Sona George (2011) in their paper “A Study On Job Satisfaction of Employees in Bpcl – Kochi Refinery Limited, Ambalamugal” tries to evaluate how human resource factors affect the satisfaction level of employees in BPCL – Kochi Refinery Limited. It assesses how far welfare and financial factors motivate the employees in the company. Their study showed that the employees are satisfied with the medical facilities, pension packages, club facilities and canteen facilities provided by the BPCL – Kochi Refinery Limited. Dr. Lalita Mishra (2018) in her paper titled “A Study of Employee Satisfaction and Organizational Commitment of the Teaching and Non-Teaching Staff” study the satisfaction and organizational commitment level of teaching and non-teaching staff. The paper show that only 14% of the employees are dissatisfied with their working condition, work relationship and pay & promotion, but 65% of the employees are satisfied with these variable (working condition, work relationship and pay & promotion). 21% employees are neutral. So it can conclude that, if employee satisfaction is improved then commitment is also improved. Abdul Raziq & Raheela Maulabakhsh (2015) in their paper “A study on Impact of Working Environment on Job Satisfaction” highlighted that in order to increase efficiency, effectiveness, productivity and job commitment of employees, the business must satisfy the needs of its employees by providing good working conditions. Since bad working conditions restrict employees to portray their capabilities and attain full potential, so it is imperative that the businesses realize the importance of good working environment. This research paper contributes towards the welfare of society as the results create awareness about the importance of good working environment for employee job satisfaction. The study impacts upon the future performance of businesses by taking working environment more seriously within their organizations to increase the motivation and commitment level of their employees. It also ensures that the employees of the organization will have the ease of working in a relaxed and free environment without burden or pressure. The benefits of providing a good working environment to the employees are tremendous for both the organization and its employees. Baah and Amoako (2011) described that the motivational factors (the nature of work, the sense of achievement from their work, the recognition, the responsibility that is granted to them, and opportunities for personal growth and advancement) helps employees to find their worth with respect to value given to them by organization. Further, this can increase motivational level of employees which will ultimately raise internal happiness of employees and that the internal happiness will cause satisfaction. Hygiene factor can only cause external happiness but they are not powerful enough to convert dissatisfaction into satisfaction but still its presence is too much important. According to them the Herzberg Two Factor Theory, both Hygiene and Motivation factors are linked with each other, as Hygiene factors move employee from Job dissatisfaction to No Job dissatisfaction,

whereas motivation factors moves employees from no job dissatisfaction to job satisfaction (Herzberg et al., 1959). Sell and Cleal (2011) developed a model on job satisfaction by integrating economic variables and work environment variables to study the reaction of employees in hazardous work environment with high monetary benefits and non-hazardous work environment and low monetary benefits. The study showed that different psychosocial and work environment variables like work place, social support has direct impact on job satisfaction and that increase in rewards does not improve the dissatisfaction level among employees. **Likert (1961)** found that there is positive correlation between intrinsic motivators and job satisfaction. He also found that extrinsic motivators such as good wages, job security and opportunities for advancement and development are more significant than intrinsic motivators in motivating employees. **Robbins (2001)** said that motivation is a need satisfying process which means that when an individual needs are satisfied or motivated by certain factors, the individual will exert superior effort towards attaining organizational goals. In the post-industrialization era, employees have begun to be esteemed as the human capital providing a competitive advantage to the organization (Gardner, 2005) and have contributed considerably in escalating the organizational performance (Hitt, Bierman, Shimizu & Kochhar, 2001). Thus, the human capital losses (voluntary turnover) are a hefty price for organizational performance (Shaw, Park & Kim, 2013) and an ultimate dent to the talent pool. Since the effectiveness of an organization depends on its approach towards its employees (Moynihan & Pandey, 2007), it has become imperative for the organizations to identify factors that provoke the voluntary turnover. Results from earlier studies demonstrate a robust and consistent association between retention of employees and higher levels of job satisfaction and motivation. Rust, Stewart, Miller and Pielack (1996) in their study identified a key result linking intent to stay with their job satisfaction levels.

### **Effect of Hertzberg in changing organizational culture (VUCA environment)**

Research shows that better job design can integrate workers better with technology, which is a prominent disrupter in today's times. It can be argued that there is a positive link between work design, job performance, and job satisfaction, especially now when work redesign is a predominant technique used by future ready organizations. These concepts are logically related to each other in the following manner: one's job design characteristics play a key role in determining one's motivation to do the job, based on whether they enjoy the scope of work and tasks they are assigned.

These high levels of motivation and performance finally lead to high job satisfaction and higher retention rates. The converse is also true as Herzberg suggests that "a satisfied employee will be a productive employee" (as cited in Torrington, 1991, pg. 425).

### **Mergers and acquisition**

Upon acquiring Zappos, Amazon leveraged the culture synergy and operations cost overlap and other pros of merging cultures, but the companies chose to maintain their independent brands, cultures, and missions. In such cases, diversity is valued, nevertheless some integration occurs in administrative HR practices. They act as THE CHANGING NATURE OF WORK, LEADERSHIP AND ORGANIZATIONAL CULTURE 40 a channel to pass on information, develop a rapport and create a safe environment to vent about the combination (Marks and Mirvis, 2011, pg. 663). "When effectively managed, cultural distinctions can enrich the integration process and lead to a stronger combination of the two companies" (Marks et al., 2014, pg. 45).

## Cultural conflict

Company culture incorporates everything from the organizational structures and control systems to the leadership styles and employee attitudes. Additionally, “company cultures are embedded in national and regional cultures” (Marks and Mirvis, 2011, pg. 654). This can either increase levels of post combination conflict and cultural distance or “offer the buyer more market knowledge and distinctive competencies” (Marks and Mirvis, 2011, pg. 654). The level of cultural integration and differentiation also varies across sub units and departments within the organization

It is important to understand how cultural clash unfolds in organizations with distinct cultures (Marks and Mirvis, 2010). The four stages of cultural clash have been described as follows: - Perceiving differences wherein, “people notice differences between the two companies, their products, leadership team, people and reputation” (Marks et al., 2014, pg. 47). - Magnify differences observed so “distinctions become sharper and more polarized (we v/s they)” (Marks et al., 2014, pg. 47). - Stereotyping and generalization of magnified differences - “People start to typecast others in a partner company as embodiments of the other culture” (Marks et al., 2014, pg. 47). - The final ‘Put-Down’ stage is when cultural clash is at its peak. The “partner company is treated as inferior. ‘We’ becomes the superior culture and ‘they’ are denigrated” (Marks et al., 2014, pg. 47).

## Leadership Style

Leaders play a key role in implementing cultural change as they have the ability to influence the whole organization’s beliefs. “In many organizations, the senior most leaders are called culture carriers” (Conger and Church, 2018, pg. 191)

In many start-ups and modern THE CHANGING NATURE OF WORK, LEADERSHIP AND ORGANIZATIONAL CULTURE 35 companies, the CEO sits in the middle of the other employees, rather than in a secluded cabin and has an open-door policy, to shun hierarchy and adopt a more welcoming, open culture. This is because if the managers are approachable people are more likely to trust them and share their work-life experiences example.

## THEORETICAL FRAMEWORK

### Motivation

“Motivation is generally viewed as a process through which an individual’s needs and desires are set in motion” (Rakes and Dunn, 2010)

“Motivation is defined as the power that triggers action that follows” (Cheng and Cheng 2012)

### Satisfaction

“Satisfaction refers to the level of fulfilment of one’s needs, wants and desire. Satisfaction depends basically upon what an individual wants from the world, and what he gets.” (Nancy C. Morse, 1997)

### Employee Satisfaction

Cranny, Smith & stone (1992) defined ES as the combination of affective reactions to the differential perceptions of what he/she wants to receive compared with he/she actually receives.

According to Moyes, Shao & Newsome (2008) the employee satisfaction may be described as how pleased an employee is with his or her position of employment.

### Herzberg two factor theory

Frederick Herzberg's two-factor theory concludes that certain factors in the workplace result in job satisfaction (motivators), while others (hygiene factors), if absent, lead to dissatisfaction but are not related to satisfaction. The name hygiene factor is used because, like hygiene, the presence will not improve health, but absence can cause health deterioration.

The factors that motivate people can change over their lifetime. Some claimed motivating factors (satisfiers) were: Achievement, recognition, work itself, responsibility, advancement, and growth. Some hygiene factors (dissatisfiers) were: company policy, supervision, working conditions, interpersonal relations, salary, status, job security, and personal life.

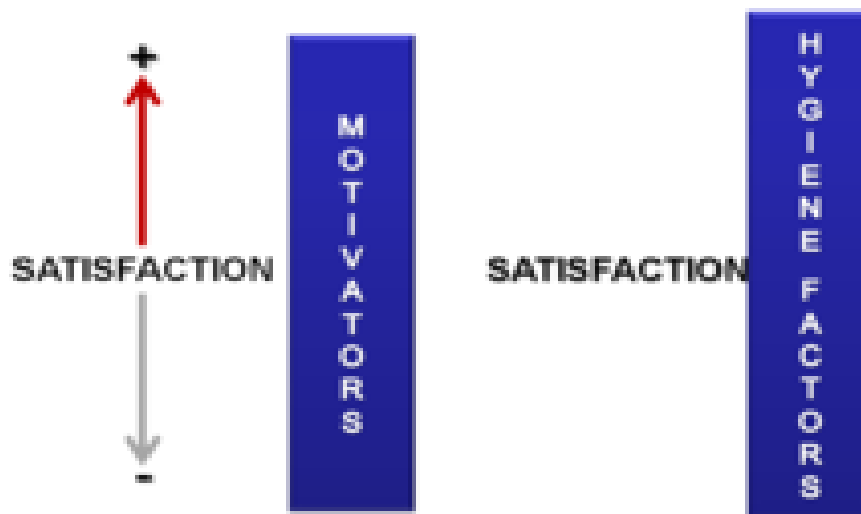


Figure 1: Pictorial representation of Herzberg Two Factor Theory

Source: Wikipedia

### Research question

The objectives are set on the following questions:

- 1) What does the concept of Hertzberg theory entail?
- 2) How has the theory been adopted in today's Volatile Uncertain Complex and Ambiguous situation?
- 3) What is the marginal relativity of the concept in terms of adaptability in management practices?

### Objectives

- 1) To understand the concept of Hertzberg Theory and its relation with VUCA environment.
- 2) To discover the adaptability of theory in today's changing environment.
- 3) To understand if both intrinsic and extrinsic factors equally play a significant role in coping with VUCA environment.

## METHODOLOGY

This work used case study based approach based on specific examples from industry where innovative HR practices are used as a tool to counter the VUCA burst. Companies were selected which have successfully implemented Innovative HR practices to counter the VUCA threat. a trial has been made to hide diverse industries so on develop generalized framework for industry as an entire. The study includes companies from Information technology (IT)/Information Technology Enabled Services (ITES). The info was primarily collected from the official websites of those companies and articles published on these practices and from popular news sites. the key reference was taken from articles published within the magazine Human Capital by Sannita Chakraborty Saha. The subsequent sections describe the brief case studies, followed by a Matrix which summarises all practices in context to the VUCA world.

### Case 1

#### Unisys Global Services

Employees in today's world are career-oriented and therefore the challenge is for organizations, especially when it involves equipping managers with people management skills. And this is often the foremost important imperative of the VUCA world. Unisys Global Services India has always strived to be approachable proactive and more tuned in to the business. In September 2011 Unisys India introduced the Management Effectiveness Improvement Program (MEIP), a novel initiative which empowers its functional managers to boost their people management skills. to keep up service delivery excellence through its high impact people management strategies and plans.

The key reason for Unisys to develop this unique program is to fulfill the ever-increasing need for leaders to assist the workforce acquire skills and knowledge in several domains and grow to greater height which is that the new need of the hour to counter the VUCA world. The MEIP enables managers to place their teams on a clearly defined growth plan, transforming their potential into reality. The MEIP framework designedly boasts of a solution-oriented approach towards addressing the main and minor challenges faced by managers addressing the ever-changing organizational talent pool. Build, develop, engage is that the key. The MEIP may be a distinctive initiative within the direction of countering VUCA challenge which is totally aligned with the organization's goals. the main focus is on building, developing, and fascinating their talented employees, to assist achieve the organization's business goals and drive higher levels of customer satisfaction.

At Unisys MEIP initiative helps a manager accomplish challenge under one umbrella program. Its target critical management areas, rigorous hand-holding to confirm the implementation of the knowledge acquired. The pattern is to conduct sessions staggered over six months with day by day covering a four-hour module. Each module covers critical learning models and ideas. the planning and delivery of the modules ensure experiential learning instead of cognitive knowledge enhancement. during this programme, mentoring and training also play an important role. The trainers for the MEIP are identified supported their years of experience within the relevant industry domain together with authentications by popular learning institutes.

The training delivery effort may be a combination of internal yet as external subject material experts. Post the program, what is going to distinguish these managers in their workplace front the others isn't just their skills evidently rather it's their ability to know and implement the people practices which will help them build a good place of labor and better

leaders to counter the VUCA challenges. MEIP's quadruplet impact covers managing self et al, managing teams, gain awareness on features, benefits and impact or analytical thinking and managing business.

**Case 2:**

**Cognizants Career Campus**

Career Campus, a motivating employee development programme designed by cognizant, is targeted to assist employees reach a learning plan, by analyzing the gaps in their current roles. It gives employees actionable roadmaps to manage their careers. By mapping individual roles, instead of designations, it brings transparency in role-based expectations, goal setting, and competencies, which are needed to attain these goals again an attempt towards VUCA. The aim is to create the following generation of leaders within the organisation who are able to battle the VUCA challenges. This integrated talent management program allows employees at Cognizant to obviously visualize their career paths and understand the competencies needed to perform within the VUCA environment. There are currently quite 120 tracks and over 550 roles operational in Cognizant” Through this program, an employee identifies his areas of experience and divulges areas of growth for him. Career Compass helps him elucidate his values and align them along with his career goals, positioning him for achievement which could be a key differentiator within the VUCA world. Through which individuals may be more aligned to counter the VUCA challenges.

Chalking out individual learning plans- Career Compass contains a learning calendar that forms part of the system, which helps to plan the professional development needs of the workers and recommends the correct set of coaching requirements at a personal level required to remodel them into VUCA leaders. Employees also get the chance to leverage various assessments to benchmark their skills against industry models. Post this evaluation, employees and managers attend a walkthrough session where they're oriented on the way to interpret the competency profile, the way to use the event tips while grooming employees and the way to sketch the educational plans for workers

**Matrix**

Companies	Industry	Innovation in HR Practices/The Uniqueness)	Likely gains of the Innovation	How does it help in countering the VUCA’s burst
Unisys	IT	Enhancing managerial effectiveness. Rigorous hand holding.	Transferring potential to reality. Service delivery excellence. Experiential learning.	Strong Management. Proactive and more responsive to business. Aligned with organisations goals.
Cognizant	IT	Mapping individual roles rather than designations. A learning calendar forms part of the system. Walk through sessions where they are oriented on how to interpret the overall competency profile.	Employees can visualize their career paths	Build next generation of leaders in the organisation. Align employees with their career goals positioning him for success. Employees get opportunity to leverage various assessments to benchmark their skills against industry models.

Source: Authors’ own work

## CONCLUSIONS

In an era characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), achieving and maintaining employee satisfaction has emerged as a critical challenge and priority for HR professionals across industries. This paper underscores the pivotal role of employee satisfaction in fostering organizational stability and success, particularly through the lens of Herzberg's hygiene theory. By analyzing specific industry case studies, it becomes evident that innovative HR practices tailored to address both intrinsic and extrinsic motivational factors are essential for enhancing employee satisfaction and reducing attrition rates.

Herzberg's theory, which differentiates between hygiene factors (e.g., company policies, supervision, salary, working conditions) and motivators (e.g., achievement, recognition, work itself, responsibility, growth), provides a robust framework for understanding and improving job satisfaction in a VUCA environment. The case studies of Unisys Global Services and Cognizant illustrate how targeted initiatives, such as management effectiveness programs and role-based career development plans, can effectively bridge the gap between employee expectations and organizational offerings. These initiatives not only enhance managerial capabilities and employee skills but also align individual career aspirations with organizational goals, thereby fostering a proactive and responsive workforce.

The study reveals that addressing hygiene factors is crucial for preventing job dissatisfaction, but it is the motivators that truly drive employee engagement and satisfaction. By creating a supportive and growth-oriented work environment, organizations can cultivate a sense of achievement and recognition among employees, leading to increased loyalty, productivity, and overall job satisfaction.

In conclusion, the integration of Herzberg's hygiene theory into modern HR practices provides a strategic approach to navigating the complexities of the VUCA world. Organizations that prioritize employee satisfaction through innovative and adaptive HR strategies are better positioned to achieve sustained success and resilience in an ever-changing business landscape. The findings from this paper advocate for continuous investment in both the well-being and professional development of employees as a means to secure a competitive edge and foster a thriving organizational culture.

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