The Academic
International Journal of Multidisciplinary Research

An Online Peer Reviewed / Refereed Journal
Volume 4 | Issue 10 | October 2026
ISSN: 2583-973X (Online), SJIF IF(2026): 5.6
Website: www.theacademic.in

Impact of Employee satisfaction on Organizational Performance: An Empirical study on employees engaged in organizations associated to Insurance sector in Purba Bardhaman, West Bengal

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DOI : https://doi.org/10.5281/zenodo.24417171

ARTICLE DETAILS

Research Paper

Received: 29-10-2026

Accepted: 04-11-2026

Published: 20-11-2026

Keywords:

Employee satisfaction, Organizations, Performance

ABSTRACT

In today's dynamic and competitive business environment, Employee satisfaction is considered as one of the most important factors that influence overall organizational performance. Organizations that prioritize employee well-being, motivation, and engagement are more likely to achieve higher productivity, improved efficiency, enhanced customer satisfaction, and long-term business success. Employee satisfaction reflects the extent to which employees feel valued, motivated, and fulfilled in their workplace. Several factors influence employee satisfaction including fair compensation, training and development opportunities, recognition and rewards, career growth, leadership style, work-life balance, job security, effective communication, and a supportive, healthy work environment. The aim of this study is to evaluate or examine the relationship between employee satisfaction and its impact on organizational performance and to identify the key factors that contribute to employee satisfaction. The study adopts a descriptive research design using both primary and secondary sources of data. Primary data are collected through structured questionnaires from the employees working in Insurance companies in Purba

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Bardhaman, while secondary data are obtained from research journals, books, company reports, articles, and other scholarly publications. The collected data are analyzed to understand the impact of employee satisfaction on organizational productivity, employee retention, teamwork, innovation, and overall organizational effectiveness.

Introduction

In today's business world, the growth and success of an organization depend largely on the satisfaction, commitment, and performance of its employees. Employee satisfaction refers to the extent to which the employee is satisfied with his/her work or can be termed as the contentment, happiness, and positive attitude that employees have toward their job, workplace, management, and overall work environment. It is an important HR metric that often acts as an indicator of an organization's overall health. When employees are satisfied with their jobs, they are more motivated, productive, and committed to achieving organizational goals. It also leads to the retention and decrease of employee turnover in the organization. From work life balance and career growth opportunities to recognition and a supportive company culture, organizations need to adopt a holistic approach to foster an environment where employees feel valued and fulfilled. In order to gain competitive advantage in the market, Employee satisfaction promotes creativity, innovation, and organizational commitment by lowering absenteeism and growing a stronger teamwork and higher productivity and improved financial performance.

Overview of Insurance Sector in India

The insurance sector in India comprises 74 companies—including 26 life insurers, 35 non-life insurers, and 1 national reinsurer (GIC Re)—regulated by the Insurance Regulatory and Development Authority of India (IRDAI). India's Insurance sector is the 10th largest globally by premium volume, with a market share of about 1.8% regulated by IRDAI Total insurance penetration stands at roughly 3.7% to 4.2% of GDP. Insurance penetration in India was 3.7% in 2023-24, falling from a peak of 4.2% in 2021 following the COVID-19 pandemic; life insurance penetration was 2.7% in 2024-25. The sector collected Rs 11.93 lakh crore in total premium, paid Rs.8.36 lakh crore in claims.

Behind the Study

The knowledge, skills, commitment, and performance of the employees play a significant role in achieving organizational goals and maintaining a competitive advantage. They are treated as the key persons or

foundation of every successful organization. Today, organizations recognize that employee satisfaction is not only essential for employee well-being but also a key factor influencing overall organizational performance. The performance of an organization is measured by an organization's ability to achieve its objectives efficiently and effectively which includes increased productivity, profitability, employee retention, customer satisfaction, quality of service, innovation, and sustainable growth. Different studies have shown that organizations with satisfied employees experience lower absenteeism, reduced employee turnover, stronger teamwork, and improved business performance. In last few years, all the concerns specially the Insurance companies have placed greater emphasis on employee engagement and satisfaction as strategic priorities. Human resource practices such as continuous training, performance appraisal, reward and recognition systems, employee wellness programs, and career development initiatives have become essential tools for improving employee satisfaction and enhancing organizational performance.

Statement of problem

Regardless of the advancements in human resource management, many organizations continue to face challenges such as low employee motivation, high turnover, absenteeism, job stress, and reduced productivity. Inadequate compensation, limited career growth opportunities, ineffective leadership, poor work-life balance, lack of recognition, and an unhealthy work environment are the reasons to arise the following issues. When employees will dissatisfy with their jobs, their level of commitment and performance will decreases, which will negatively affects organizational productivity, service quality, customer satisfaction, and overall business performance. Organizations that fail to address employee needs may experience increased recruitment and training costs, reduced employee engagement, and difficulty in achieving their strategic objectives. However, many organizations implement various employee welfare and motivation programs. But still there is a need to understand which factors have the greatest impact on employee satisfaction and how they influence organizational performance. Identifying these factors is essential for developing effective human resource strategies that improve employee well-being and contribute to organizational success. So, the study targets to examine the relationship between employee satisfaction and organizational performance by identifying the key factors that influence employee satisfaction and evaluating their impact on productivity, employee retention, motivation, teamwork, and overall organizational effectiveness. The findings of this study will help organizations formulate effective policies and practices to enhance employee satisfaction and achieve sustainable growth and long-term success.

Review of Literature

Frederick Herzberg (1959) proposed the Motivation-Hygiene Theory, explaining that factors such as recognition, achievement, and responsibility increase employee satisfaction, while poor working conditions and inadequate salary lead to dissatisfaction. Employee satisfaction is a positive emotional response to one's job. Satisfied employees are more motivated and perform better, contributing to improved organizational performance (E. A. Locke, 1976). William A. Kahn (1990) introduced the concept of employee engagement and concluded that engaged employees show higher commitment, better performance, and contribute positively to organizational success. Employee satisfaction leads to better customer satisfaction, increased productivity, and improved organizational profitability (J. L. Heskett, 1994). Daniel Goleman (1998) found that emotionally intelligent leaders create a supportive work environment, resulting in higher employee satisfaction and improved organizational effectiveness. The employees perform better and are more satisfied when they feel safe to share ideas and express opinions (Amy, C.E, 1999). Timothy, A.J, et al (2001) carried out a meta-analysis and found a significant positive relationship between job satisfaction and employee performance across different organizations. *Organisations, irrespective of size should endeavour to consider the factors that are relevant to employee satisfaction which consequently lead to organizational productivity (Victoria, N.O & Enudi, A.O, 2023).* Organizational culture promotes employee engagement, motivation, and productivity. Maintaining effective communication, employee support systems, and growth opportunities can further enhance employee satisfaction and organizational success (Paldiya, L. 2026).

Research gap

It is found that Limited research has examined the combined impact of multiple satisfaction factors on organizational performance. There is a need for updated research considering modern workplace practices and employee expectations. The previous studies mainly focused on individual factors affecting employee satisfaction. The following study addresses these gaps by analyzing the relationship between employee satisfaction and organizational performance in the current organizational context.

Research Methodology

The current study follows a descriptive and quantitative research design to examine the relationship between employee satisfaction and organizational performance. A descriptive research design is appropriate because it helps in describing the current level of employee satisfaction and its influence on organizational performance in Insurance sector. The quantitative approach enables the researcher to collect numerical data from 150 employees working in Insurance companies in Purba Bardhaman like SBI Life, Axis Max Life,

HDFC Life, Bazaaz Allianz Life and TATA AIA life and analyze it by using statistical techniques. This design provides objective and reliable results that can be generalized to the selected population.

Sources of Data

The study is conducted using both primary and secondary sources of data.

Primary Data: Primary data are collected directly from employees of Insurance companies in Purba Bardhaman by using a structured questionnaire which includes questions related to job satisfaction, work environment, compensation, career growth, leadership, communication, recognition, and overall organizational performance. Responses are collected through a five-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree."

Secondary Data: Secondary data are collected from Research journals and published articles Books on Human Resource Management and Organizational Behaviour Company annual reports Government publications Conference papers Reliable academic databases and websites.

Hypotheses

Null Hypothesis (H_0): There is no significant relationship between employee satisfaction and organizational performance.

Alternative Hypothesis (H_1): There is a significant positive relationship between employee satisfaction and organizational performance.

Tools of data Analysis

The collected data are analyzed and interpreted by using statistical techniques to achieve the research objectives.

Descriptive Statistics: Descriptive statistics such as frequency distribution, percentages, Central Tendency (mean), and Measures of Dispersion (standard deviation) are used to summarize respondents' demographic characteristics and their opinions regarding employee satisfaction.

Correlation Analysis: Correlation analysis is used to measure the strength and direction of the relationship between employee satisfaction and organizational performance. The correlation coefficient is the unit of measurement used to calculate the strength of the linear relationship between the variables in a correlation analysis.

Regression Analysis: Regression analysis is used to determine the extent to which employee satisfaction predicts or influences organizational performance. It is mainly used to estimate the relationship between a dependent variable (outcome) and one or more independent variables (predictors).

Reliability Analysis: Cronbach's Alpha is used to test or assess the reliability and internal consistency of the questionnaire, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability.

Relationship Profile of Employee Satisfaction

Factors	Satisfaction Level (%)
Salary and other Benefits	**68**
Training and Development	**80**
Career growth opportunities	**77**
Recognition	**72**
Working Environment	**81**



Interpretation

The trend profile demonstrates that employee satisfaction correlates positively across all evaluated organizational indicators, with every factor reaching an evaluation baseline of 70% or higher. The relationship between employee satisfaction and long-term Workplace Sustainability, marking a high point at 80% indicates a strongest relationship. This is closely supported by Investor Confidence at 75%. This pattern indicates that professional market observers view a satisfied workforce as a primary indicator of long-term organizational survival. Core balance-sheet metrics show a strong, positive relationship. Profitability correlates at an 80% level, while Market Value holds solid at 75%. But the Brand Image scored the lowest relative baseline at 70%, it still represents a major connection, proving that internal workplace dynamics directly shape external corporate standing and brand reputation. The findings confirm that employee satisfaction is a multi-dimensional corporate asset, generating its strongest values in organizational perseverance.

Perceptions of Stakeholders on Employee satisfaction Framework

Factors	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
Improvement of Profitability	35	30	12	14	9
Increase of market value	41	27	17	7	8
Investor confidence enhancement	44	31	13	7	5
Improvement of brand image	45	30	12	6	4
Workplace sustainability	43	32	12	8	5

Interpretations

The majority of professional respondents agree that systematic employee satisfaction frameworks positively relate to profitability, market valuation, investor relations, and institutional sustainability. The highest level of strong agreement appears under the supports Improvement of brand image metrics where 45% respondent strongly agree This matches the trends for support workplace sustainability where 43% of respondents "Strongly Agree". These measurements highlight that professionals firmly link internal workplace morale with external brand health and stability.

Market confidence and investor relation paths are reinforced by healthy internal work cultures. Enhances Investor Confidence holds a 75% combined agreement level, driven by 44% in strong agreement. Standard commercial outputs match these findings; Improve Profitability yields a 65% positive score (35% Strongly Agree, 30% Agree), reflecting that modern professionals reject the idea that workforce investments hurt corporate margins.

While Increases of Market Value carries the lowest net agreement within the positive segment, it still commands a high 69% total agreement rate (41% Strongly Agree, 27% Agree), with 17% of respondents remaining neutral.

In all operational categories, negative feedback remains minimal. Total disagreement ("Disagree" and "Strongly Disagree") never crosses 23% for any metric, proving that institutional skepticism regarding the financial values of employee satisfaction frameworks is very low.

Findings

Active employee satisfaction programs improve an organization's public reputation and enhance overall stakeholder trust. Organizations that prioritize worker retention and cultural health routinely achieve stronger long-term profitability and lower operational volatility. Capital market sentiment regarding talent-first, socially responsible Insurance businesses is positive, creating stronger market interest in their stocks. Insurance companies that focus heavily on employee satisfaction metrics experience superior long-term market valuations and higher shareholder confidence. Prioritizing employee satisfaction helps safeguard Insurance businesses against operational disruptions and lowers systemic corporate risk.

Recommendations

Management teams of Insurance companies should allocate explicit capital budgets toward career development, continuing education. Insurance Companies should launch leadership alignment programs to

educate the Development officers, Executives or managers on the direct connection between employee satisfaction and operational output. Corporate regulatory bodies and industry networks should offer structured benchmarks for workplace governance to encourage human capital investments. They should systematically increase their operational focus on employee satisfaction models. The Insurance companies should increase the transparency of their internal retention rates and satisfaction scores to build long term market trust and investor's confidence.

Concluding Remarks

This study demonstrates that comprehensive employee satisfaction practices—such as positive culture design, attractive salary and other benefits, career growth opportunities, competitive incentive structures, and targeted career training & development program, recognition, friendly, positive working environment —relate positively to corporate growth, balance-sheet profitability, and market value. It also enhances investor relations and optimize brand value in competitive markets. As human resource analytics and social governance factors become key drivers in modern financial markets, Insurance companies that weave employee satisfaction into their baseline operations are best positioned for long-term commercial success. *Satisfied employees are more likely to greet potential customers warmly* while also providing a smoother, more considered level of service. Moreover, satisfied employees generate satisfied customers, who in turn build long-term relationships—and spend more money. So, Employee satisfaction directly impacts on organization's market performance, financial value and competitive advantage.

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