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## **Culture, industrialisation and multiple domains of employees' job satisfaction: a case for HR strategy redesign in India**

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This paper explores the link between cultural behavioural traits, the potential effect of industrialisation and multiple domains of job satisfaction, utilising survey data collected from public and private service sector employees in Shillong, the capital city of Meghalaya in the North East Region (NER) of India. Results from ordered probit regressions demonstrate a statistically significant impact of both, extrinsic and intrinsic moderating factors on Indian employees' job satisfaction. In view of India's widely reported collectivistic cultural traits, which are assumed to emphasise primarily the importance of extrinsic job aspects, our findings are surprising. They suggest that in the wake of India's significant economic developments the impact of intrinsic job rewards has played 'catch-up' with that of their extrinsic counterparts. As such, the study provides evidence in support of embracing human resource management (HRM) practices that incentivise Indian employees not only through their traditional methods aimed at extrinsic job rewards but also by explicitly addressing individual ambitions, needs and aspirations.

**Keywords:** cultural traits; India; industrialisation; job satisfaction

### **Introduction**

It is widely documented that the Indian economy has undergone a substantial transformation over the past two decades. India's growth performance has improved markedly and net employment, although distributed unevenly between formal and informal sectors, has risen considerably for the economy as a whole (OECD 2007). In search of sustained competitive advantage, the impact of organizational culture, competitive strategies and human resource management practices in India has attracted renewed attention amongst scholars in the fields of HRM and organizational psychology. Biswas and Varma (2007, p. 665) note that 'the thriving economy and the arrival of the MNCs [multinational companies] have begun to change the Indian workplace dramatically'. They add that 'given the transitional nature of the Indian workforce in the contemporary business scenario, it is clear that if organizations are to extract optimal performance from their employees, they must create an environment whereby employees derive intrinsic and social satisfaction' (Biswas and Varma 2007, p. 672). What is more, Budhwar, Varma, Singh and Dhar (2006) observe that the availability of India's new jobs and the stress introduced by the competitive environment has already resulted in higher turnover and absenteeism rates in many organizations.

The importance of identifying the determinants of Indian employees' job satisfaction is thus easy to discern, as it is based on the understanding that job satisfaction serves as a

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strong predictor for such employee behaviours as commitment, motivation, absenteeism, quitting intentions, and other affective responses to aspects of the job or the employer (e.g., Tietjen and Myers 1998; Lee and Bruvold 2003; Saari and Judge 2004).

Whilst different methodologies and conceptual approaches have been employed to link, compare and disentangle the determinants of job satisfaction, a large volume of previous empirical studies differentiates these determinants by reference to extrinsic and intrinsic explanatory factors (e.g., Wernimont 1966; Gruenberg 1980; Maidani 1991; Clark 1997; Randolph 2005). Made famous by Herzberg's Two-Factor Theory (Herzberg, Mausner and Synderman 1959), the term intrinsic refers to content or motivators, including achievement, advancement and responsibility. In contrast, extrinsic factors, also known as hygiene factors, refer to working conditions, measures of job security and rates of pay. These constructs have also been linked to the individualistic/collectivistic distinction of national cultures, in that employees in collectivistic countries are more likely to emphasise the importance of extrinsic aspects of their jobs than employees in individualistic countries (Huang and Van De Vliert 2003).<sup>1</sup> Hofstede (1980) postulated a bipolar dimension of collectivism-individualism on which Indian culture was found to be more towards the collectivist end. A large number of studies (e.g., Sinha and Verma 1987; Triandis 1995; Triandis and Bhawuk 1997; Verma 1999; Kanagasabapathi 2007) has since substantiated this position, emphasising India's cultural importance of interdependence, community, faith-based transactions and collective principles.

However, with India's growing industrialisation and accelerating competitive pressures, it has been conjectured that individualistic tendencies are likely to grow in strength (Sinha, Vohra, Singhal, Sinha and Ushashree 2002). By the above account, it follows that we should also expect a growing influence of intrinsic explanatory variables as important moderating factors of job satisfaction.

To test this proposition, this study utilises survey data collected in late 2005 in Shillong, the capital city of Meghalaya in the North East Region (NER) of India. Shillong provides a promising test case to explore the impact of growing industrialisation. Although located in a primarily rural region of India (according to the 2001 census, only 20% of the population in Meghalaya lives in urban settings) Shillong has experienced a great deal of economic transformation during the past two decades, culminating in further developments of hydro and thermal power plants, as well as in the financial sector and to some extent in areas of tourism, forestry, mining and horticulture. The city is also an important centre for many central and state government offices and serves as the educational capital of the NER.

The data set at our disposal focuses on employees in white-collar, service sector occupations and is particularly suited for the purpose of this investigation, as it contains not only a variety of respondents' socio-demographic characteristics but also multiple domain information on job satisfaction, including overall job satisfaction as well as satisfaction with pay, relationships at work (both, with co-workers and the employer), promotion opportunities, and job security. Indicators of emotional and financial interdependence (as proxies for collectivistic behaviours) are also available.

The remainder of this study is organised as follows: in the next section we present a summary on job satisfaction from a cultural perspective and draw briefly on the contributions from different academic disciplines. In section 3, we describe our data and introduce our econometric framework in the form of an ordered probit model. Section 4 provides our empirical findings and interpretations. The final section of the analysis provides our concluding remarks.

### A cultural perspective across disciplines

Adopting job satisfaction indicators as measures of individuals' utility has become increasingly popular in the empirical literature, and a large volume of empirical investigations has identified numerous moderating factors that influence the level of an individuals' well-being. This plethora of empirical findings also extends to the role of culture as an important determinant of job satisfaction.

In the scholarship of HRM and organizational psychology, satisfaction both, at home and in the workplace, and in the relationship between the two ('work-life balance'), has been strongly associated with measures of organizational and corporate cultures (e.g., Lok and Crawford 1999; Schimmack, Radhakrishnan, Oishi and Dzokoto 2002; Fong and Shaffer 2003; Aycan 2008). Influenced heavily by Hofstede's work (1980) on cultural consequences and commonly measured in the context of leadership style, power distance and other employee-employer exchange relationships, it has been argued that each culture provides the grounds for a different socialisation of its members through a socio-educational process, causing 'value sets' or 'mental programmes, which are assumed to be culture-specific. These value sets are thought to impact on the way individuals in each culture perceive and interpret their environment, affecting and shaping their expectations, goals, beliefs and ultimately their behaviour, including their experiences, attitudes and behaviours at work. Such programming is also assumed to be continuously affected by society's socialising institutions, including the workplace. Moreover, it is argued that cultural groups with different 'mental programmes' hold different values, which lead them to frame experience and behaviour in different ways.

Building on this assertion, it is intriguing to note that 'people from a particular country are seen as prone to placing more emphasis on higher needs, not simply because their lower needs are gratified, but primarily because this is a culturally inherited trait' (Huang and Van De Vliert 2003, p. 162). This is consistent with observations by Inglehart and Baker (2000) who argue that in many developed economies, economic achievement values have become less salient and have given way to those values that refer to the enhancement of self-expression. This cultural shift is seemingly particularly marked amongst birth cohorts that have grown up under conditions in which economic survival is not necessarily guaranteed, but nevertheless taken for granted.<sup>2</sup> This then supports the notion that employees in more developed, individualistic economies attribute greater importance to intrinsic job aspects whereas employees in less developed, collectivistic economies place greater emphasis on extrinsic rewards.

Having raised the issue of economic development as a moderating influence on the importance of individualistic vs. collectivistic cultural traits, it is interesting to note that the economics discourse has contributed relatively little to this debate. Although the economic analysis of job satisfaction has grown in prominence (e.g., Hammermesh 1977; Freeman 1978; Clark and Oswald 1996; Clark, Georgellis and Sanfey 1998; Gazioglu and Tansel 2006), many economists continue to show a rather uneasy relationship with cultural dimensions as possible determinants of preference patterns and attitudinal rankings. So notes Jones (2003, p. 7) that.

... on the borders of economics lies an analytical jungle. Somewhere within it are said to lurk cultures ... there are so many contradictory directions for finding the meaning of culture that no map of the jungle has ever been agreed upon.

Definitional uncertainties and lack of data to design testable hypotheses thus serve as major constraints that are held accountable for economists' reluctance to allow culture to enter the mainstream economic discourse.<sup>3</sup> More recently, however, Guiso, Sapienza and

Zingales (2006) remind us that improved techniques and more readily available data have made it possible to identify systematic differences in people's preferences, attitudes and beliefs and to relate them to various measures of cultural legacy. These developments suggest an approach to introduce cultural-based explanations that can be empirically tested and are able to substantially enrich our understanding of socio-economic phenomena, including the determinants of job satisfaction.

Finally, the general point that economic development alters the course of cultural legacies remains a controversial one. The role of culture in this context has arguably been the most important theme in the sociological literature, and modernization theorists from Karl Marx to Daniel Bell put forward arguments in support of the assertion that economic development results in pervasive cultural changes (Bell 1976; Marx 1867). Others, from Max Weber to Samuel Huntington, contend that cultural values display an enduring influence on societal institutions, which continue to influence a society's political and economic performance (Weber 1905; Huntington 1996).

Against this background, our contribution is positioned within ongoing, empirically based studies that investigate the impact of culturally sensitive, behavioural traits on socio-economic phenomena. In the same spirit as Rojas's (2007) recent *Conceptual-Referent-Theory* explanation, this paper will examine whether Indian employees' extrinsic or intrinsic job rewards – conceptualised as referents for cultural traits, moulded by individuals' upbringing, material, spiritual and attitudinal goals and virtues – are important moderating factors of job satisfaction.

### Data and empirical specifications

The respondents in our study were employees from both, public and private sector organisations located in the city of Shillong. Specifically, the individuals surveyed worked in banks, insurance companies, administrative and managerial offices of electric corporations, state and central government departments, and in schools, colleges and the local university, thus representing the main white-collar service sector occupations and the primary sources of skilled employment opportunities in the city. Data collection was facilitated through face-to-face surveys. At the outset, the purpose of the study was explained to each respondent, including the voluntary and confidential nature of the survey. Eight hundred and sixty seven employees completed the survey. After controlling for unanswered questions, an effective sample of 662 responses was established, with 420 responses (63%) from male and 242 responses (37%) from female employees. Of this sample, 55% belonged to public sector and 45% to private sector organisations.<sup>4</sup>

Job satisfaction variables are self-reported, ordinal variables on a scale of 1–5, with 1 representing 'least satisfied' and 5 representing 'most satisfied'. The overall job satisfaction variable is compiled by responses to the question: '*All things considered, how satisfied are you with your job these days?*' Values of other job satisfaction domains correspond to responses to the question: '*How satisfied or dissatisfied are you with your [job domain]?*' These domains include satisfaction with pay, relationship with work colleagues, relationship with the employer, promotion opportunities, and job security. The availability of multiple domains in our data directly addresses previous concerns about the internal consistency of single-item measurements, such as the sole reliance on overall job satisfaction (e.g., Rose 2005). Both, overall and domain questions in the data set refer to satisfaction in the context of a specific job with a specific employer covered by specific contractual terms, rather than satisfaction with work or occupation, which is not available. Such a distinction between job and general work satisfaction could be potentially

important as satisfaction with a specific job might have a different influence on a respondent's value calibration than that of satisfaction with work or occupation in general. However, as Rose (2003) points out, although any given job is characterised by a unique set of contractual arrangements and work experiences, such experiences tend to fit with patterns of experience associated with given occupations or career paths.

Respondents were also queried about their attitudes toward the importance of emotional and financial assistance from work colleagues, thus assessing the influence of collectivistic behaviours. To differentiate between the statistical importance of extrinsic and intrinsic moderators, we use information on relative pay, work environment and permanent contractual status (*extrinsic*) as well as opportunities for learning, growth and responsibility (*intrinsic*). Control variables include the respondent's age, sex, marital status, educational achievements, years of job experience and number of dependents. Definitions and sample means of all variables used are given in the Appendix.

Equipped with the above data, we utilise an ordinal probit regression model to uncover statistically significant determinants of employees' job satisfaction. Given the ordinal and truncated nature of our data, conventional regression analysis was deemed inappropriate. The ordered probit model was introduced in the literature by McKelvey and Zavoina (1975) and is theoretically superior to most other models for the ordinal, categorical job satisfaction data our study aims to analyse.

In formal terms, the model assumes that a latent and continuous measure of the dependent variable  $S_i^*$ , interpreted as a proxy for unobserved levels of utility, follows the normal distribution with mean  $\mu_i$  and unit variance [ $S_i^* \sim N(\mu_i, 1)$ ].  $S_i^*$  is given by:

$$S_i^* = \beta z_i + e_i, \quad (1)$$

where  $z_i$  is a vector of explanatory variables describing individual characteristics,  $\beta$  is a vector of parameters to be estimated and  $e_i$  is a random error term, which is assumed to follow the normal distribution. The observation mechanism is:

$$S_i = j \text{ if } \tau_{j-1} \leq S_i^* < \tau_j \quad (2)$$

for  $j = 1, \dots, J$ , where  $J$  is the total number of categories.

Given the constraints  $\tau_l < \tau_m$  for all  $l < m$  and  $\tau_0 = -\infty$  and  $\tau_J = \infty$ , it follows that the observed and coded discrete dependent variable  $S_i$  is determined from the model as follows:

$$S_i = \begin{cases} 1 & \text{if } -\infty \leq S_i^* \leq \tau_1 \\ 2 & \text{if } \tau_1 < S_i^* \leq \tau_2 \\ 3 & \text{if } \tau_2 < S_i^* \leq \tau_3 \\ & \vdots \\ 10 & \text{if } \tau_9 < S_i^* \leq \infty \end{cases} \quad (3)$$

where  $\tau_i$ , for  $i = 1, \dots, J$ , represents thresholds to be estimated along with the parameter vector  $\beta$ .

It should be noted that this regression model is based on coefficients and, therefore, accounts for the sign and statistical significance rather than for calculated marginal effects. Positive signs for the estimated parameters  $\beta$  indicate higher levels of job satisfaction

as the value of the associated variable increases. With a decreasing value of the associated variable, negative signs for  $\beta$  suggest lower levels of job satisfaction.

### Findings and discussion

As mentioned earlier, due to a cultural legacy of collectivistic behavioural tendencies the job satisfaction of Indian employees is assumed to be influenced heavily by extrinsic rewards. More recently, however, it has also been conjectured that increased industrialisation, economic development and competitive pressures are likely to result in increasingly individualistic behaviours. By extension, it can thus be argued that the impact of intrinsic moderating variables on employees' job satisfaction will also have gained in strength.

To set the scene, this proposition merits a separate, albeit provisional examination in the form of bivariate correlations before we proceed with our analysis in a multivariate setting. Table 1 provides these correlation coefficients together with respective significance indicators. Our initial results confirm strong correlations between overall job satisfaction and various job rewards as well as measures of collegial support. Most notably in the context of this study, both, extrinsic and intrinsic factors display statistically significant correlations.

However, rather than investing in a detailed discussion about these early results, we proceed with caution, especially since the copious literature on job satisfaction has shown that the addition of further explanatory variables in a multivariate setting results in significant moderating effects. In recognition of these moderating effects, we conduct a more sophisticated empirical analysis by way of an ordered probit model. The respective regression estimations are presented in Table 2. Constrained by our sample size, it should be noted that only robust results significant at the 1% and 5% level of significance are highlighted.

Our results for the control variables indicate that Indian men are, on average, less satisfied at work than women. This is consistent with findings of many previous investigations concerned with workers' well being in Western societies (e.g., Clarke 1997; Georgellis and Lange 2007), which report that women appear to be happier at work than men. As such, it reflects a general, cross-national trend rather than a specific observation

Table 1. Bivariate correlations with overall job satisfaction.

<b>Job characteristics:</b>	
<b>Intrinsic rewards:</b>	
Learning opportunities	0.235**
Responsibility opportunities	0.307**
Personal growth opportunities	0.296**
<b>Extrinsic rewards:</b>	
Permanent contract	0.070
Receiving better salary	0.261**
Congenial work environment	0.176**
<b>Characteristics of collegial support:</b>	
Technical	0.471**
Social	0.461**
Financial	0.507**
Observations	662

Notes: (\*) significant at 5%; (\*\*) significant at 1%.

Table 2. Overall job satisfaction and other domains – ordered probit results.

	Overall job satisfaction	Salary	Relationship with colleagues	Relationship with employer	Promotion opportunities	Job security
<b>Individual controls:</b>						
Male	-0.099 (0.097)	-0.035 (0.091)	-0.164 (0.103)	-0.088 (0.099)	0.023 (0.090)	-0.201* (0.099)
Age	0.082 (0.051)	0.033 (0.047)	-0.045 (0.054)	-0.029 (0.053)	-0.020 (0.047)	-0.114* (0.053)
Age <sup>2</sup>	-0.001 (0.001)	-0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.002* (0.001)
Married	-0.191 (0.146)	-0.081 (0.137)	-0.050 (0.152)	-0.262 (0.149)	-0.118 (0.137)	0.057 (0.147)
Dependents	0.021 (0.025)	-0.010 (0.023)	0.024 (0.027)	0.069** (0.026)	-0.014 (0.023)	0.008 (0.026)
Education	-0.159* (0.066)	0.052 (0.062)	-0.023 (0.069)	0.005 (0.067)	0.096 (0.061)	-0.076 (0.066)
Job experience	0.005 (0.012)	-0.007 (0.011)	0.007 (0.012)	0.012 (0.012)	-0.028** (0.011)	-0.005 (0.012)
<b>Intrinsic rewards:</b>						
Learning opportunities	0.207 (0.158)	0.058 (0.153)	0.039 (0.166)	-0.026 (0.160)	0.092 (0.153)	0.328* (0.159)
Responsibility opportunities	0.351* (0.148)	0.418** (0.143)	0.320** (0.155)	0.394** (0.148)	0.192 (0.144)	-0.006 (0.150)
Growth opportunities	0.527** (0.123)	0.066 (0.117)	0.008 (0.130)	0.211 (0.125)	0.638** (0.118)	0.237 (0.123)
<b>Extrinsic rewards:</b>						
Permanent contract	0.431* (0.209)	0.967** (0.200)	0.129 (0.221)	0.359 (0.208)	0.696** (0.202)	0.747** (0.203)
Relative pay	0.489** (0.102)	0.898** (0.099)	-0.126 (0.108)	-0.056 (0.104)	0.156* (0.096)	0.114 (0.103)
Congenial work environment	0.080 (0.154)	-0.282* (0.149)	-0.024 (0.162)	0.033 (0.156)	-0.171 (0.148)	-0.223 (0.159)
<b>Characteristics of collegial support:</b>						
Technical	0.219** (0.062)	0.098 (0.059)	0.230** (0.065)	0.239** (0.062)	0.143* (0.059)	0.243** (0.062)
Social	0.348** (0.069)	0.057 (0.065)	0.525** (0.072)	0.371** (0.069)	0.136* (0.065)	0.074 (0.068)
Financial	0.248** (0.045)	0.219 (0.043)	0.107* (0.048)	0.133** (0.046)	0.094** (0.042)	0.129** (0.046)
Industry dummies included	Yes	Yes	Yes	Yes	Yes	Yes
Log likelihood	1258.877	1647.793	1099.925	1332.843	1921.136	1400.800

Notes: Robust standard errors in parentheses; (\*\*) = indicates significance at the 1% level; (\*) = indicates significance at the 5% level.

for Indian employees. However, our coefficients are not statistically significant at the conventional levels, with the exception of satisfaction with job security. Similarly, age does not display a statistically strong impact on job satisfaction, except for the influence of age on the job security domain, which displays a statistically significant, curvilinear U-shaped pattern. Clarke, Oswald and Warr (1996) attribute the U-shaped relationship to individuals' personal circumstances, life-stage and non-employment factors that affect job satisfaction. Marital status is generally not significant across all job satisfaction domains. The role of the number of dependants in the household shows a statistically significant and positive impact only on satisfaction with the relationship with the employer. As a speculative explanation, we suggest that employees with significant domestic responsibilities by way of a large number of dependants may be more able to identify with employer's managerial responsibilities than is the case for those employees whose domestic responsibilities are less pronounced. The strong and negative impact of the two remaining control variables, education and job experience, may be explained by reference to *discrepancy theory* (Locke 1976). In the case of educational attainment, we find a negative impact on overall job satisfaction, whereas in the case of job experience our results display a negative influence on the satisfaction with the promotion opportunities domain. Both findings may thus be linked to employees' perception of the correspondence between what they expect and what they receive at work, in the sense that higher educational attainments and long spells of job experience may have resulted in expected pecuniary or non-pecuniary benefits, which have failed to materialise. In the case of education, this is not an uncommon interpretation in the literature. Although initially thought of as a positive contributor to job satisfaction, the current empirical evidence is mixed, with some studies suggesting that educational attainment shows, at best, a neutral impact, whereas others argue that higher education levels are associated with lower levels of job satisfaction. Certainly in routine or less demanding jobs, it is now widely accepted that well educated employees often feel more frustrated and less satisfied than their less educated counterparts (e.g., Verhofstadt and Omey 2003; Vila and Garcia-Mora 2005).

On brief reflection, we note that the relative lack of significant estimated impacts of our individual control variables is consistent with findings from previous studies, which explored the influence of personal characteristics on Indian employees' job satisfaction (e.g., Saiyadain 1985).

Turning our attention to our variables of primary interest, the empirical results indicate that, contrary to many previous examinations, both, extrinsic and intrinsic job rewards play an important role in shaping Indian employees' job satisfaction.

In the case of one of our extrinsic variables, relative pay, it should be noted that we do not examine information about employees' own income as an explanatory variable, but instead utilise beliefs on whether their current rates of pay are thought to be better than pay rates offered by other organisations in a similar industry or institution. As such, the latter constitute a reference group. Since income or the wage rate per se is not the sole, and often not the most important, job attribute that employees care about, we explore the notion that utility is relative. Although the terminology has been shown to vary across disciplines, a common theme in the psychology, sociology, economics and administrative science literatures is the concept of a reference level of income against which an individual compares himself or herself. When the individual's rate of pay falls relative to the comparison level, it is assumed that he or she feels relatively deprived, and is less happy as a consequence. Conversely, if an individual's own pay is higher than that of the reference group, satisfaction is rising. Inspired by the underlying principles of *social comparison theory* (Festinger 1954) we build on Clarke and Oswald's empirical work (1996) and

investigate whether utility, in terms of measures of job satisfaction, depends on income relative to a reference or comparison income. Our results suggest that pay, if thought to be higher than that offered in a comparative setting, indeed plays an important role in shaping the levels of Indian employees' job satisfaction, displaying a statistically strong and positive effect. This finding holds true for overall job satisfaction as well as for satisfaction with own salary and promotion opportunities.<sup>5</sup>

Another extrinsic factor, which shows a statistically significant impact on job satisfaction, is that of an employee's permanent contract. Overall job satisfaction, satisfaction with salary, satisfaction with promotion opportunities and satisfaction with job security are all shown to be positively influenced by this contractual status. These findings are consistent with investigations by Blanchflower and Oswald (1999) and Gazioglu and Tansel (2006) who also report that relatively secure jobs have a strong and positive effect on a number of job satisfaction domains and across several countries. In contrast, the impact of our final extrinsic variable, congenial work environment, is generally not significant. Interestingly, however, our results report a strong and negative impact on satisfaction with salary. This inverse relationship seems to suggest a trade-off between the congeniality of a work place and an employee's happiness with his or her pecuniary rewards.

Overall, and as we were led to expect from previous findings, extrinsic rewards are shown to have retained their significant influence on Indian employees' job satisfaction. Since collectivistic traits are said to influence the importance attributed to extrinsic rewards, further credence in this context is provided by the impact of our measures of collegial support – a proxy for interdependence and collectivistic behaviours. Across all three characterising variables – technical, social and financial support from work colleagues – we generally find a strong and positive impact on all job satisfaction domains, with the exception of the impact on satisfaction with salary, which is positive for all three variables but not significant at the conventional levels.

Rather surprisingly, and contrary to a number of previous investigations, our results also display a significant impact of intrinsic job rewards. Specifically, we find that growth opportunities have a statistically strong and positive impact on both, overall job satisfaction and satisfaction with promotion opportunities. In a similar vein, responsibility opportunities at work positively influence overall job satisfaction and satisfaction with a number of other domains (salary, relationship with colleagues, and relationship with employer). Learning opportunities are generally found not to display a significant impact on Indian employees' job satisfaction, with the notable exception of satisfaction with job security where the effect is significant and positive. Learning opportunities are seemingly seen as a device to shield employees against the threat of losing their employment, presumably because the skills acquired through work-related learning are thought to be valued highly by employers who have invested in learning activities. Unlike educational attainment, which was shown to have a negative impact on job satisfaction, we suggest that on-the-job learning opportunities appear to represent forward-looking attitudes and are associated with optimism and faith in future developments.

This positive impact of intrinsic job rewards on job satisfaction, whilst not unusual in developed, Western economies, is a relatively new phenomenon in the Indian context. Even though the growth of multi-national companies in and international joint ventures with India has put pressure on Indian firms to implement changes to their HRM practices (e.g., As-Saber, Dowling and Liesch 1998), a large number of Indian companies still seem to follow traditional management philosophies. Budhwar and Khatri (2001, p. 345) note that 'in the majority of Indian organisations, the personnel function still plays the traditional role of control and administration'.

Based on the empirical results of this study, we find that intrinsic factors have not displaced the important influence of extrinsic rewards. Instead, it appears that in the wake of India's significant economic developments intrinsic factors have played 'catch-up' with their extrinsic counterparts and now display an equally important influence on Indian employees' job satisfaction. It follows that our results provide evidence in support of embracing human resource management practices that incentivise Indian employees not only through their traditional methods aimed at extrinsic job rewards but also by placing emphasis on practices, policies and procedures that explicitly address individual ambitions, needs and aspirations.

### **Concluding remarks**

Few human resources concepts have enjoyed the kind of widespread attention that the analysis of job satisfaction has had. It serves a central role in numerous theoretical constructs and models and is positioned in the empirical literature as an attempt to shed some light on individual attitudes and behaviours. Judge, Parker, Colbert, Heller and Ilies (2005, p. 26) add that 'job satisfaction research has practical application for the enhancement of individual lives and organizational effectiveness'. A great deal of this research focuses on the factors that predict the levels of job satisfaction. In an attempt to categorise these statistical determinants, many explanatory variables at the level of the firm have been sub-divided into extrinsic and intrinsic job rewards. Traditionally, in an Indian context and thought to be influenced heavily by cultural behavioural traits, it was primarily extrinsic factors, which were found to display the most significant impact on employees' job satisfaction.

Using survey data collected in late 2005 amongst service sector employees in the Indian city of Shillong, our analysis uncovered evidence, which suggests that extrinsic job rewards such as relative pay and congenial work environment retain their importance in predicting Indian employees' job satisfaction. What is more, by reference to technical, social and financial support from work colleagues we also demonstrate the continuing, significant influence of collectivistic behaviours at work. However, contrary to many previous investigations we also present results in support of the conjecture that the impact of intrinsic factors such as responsibility and growth opportunities has gained in explanatory strength. These results hold true not only for overall job satisfaction, but also for a number of other job satisfaction domains. Our findings are particularly significant in view of recent evidence for India, which attributes the influence of HRM practices such as opportunities for promotion and encouragement of employee participation to greatly improved, organisational effectiveness, employee commitment and firm performance (Agarwala 2003; Lake 2007). In contrast, Biswas and Varma (2007, pp. 665–666) remind us that traditionally, 'management philosophies were such that it was deemed that what the company thought best for the employees was translated into policies and procedures, and individual needs and aspirations were not given much credence'.

On the basis of the evidence presented, we thus contend that the statistically significant impact of both, extrinsic and intrinsic job rewards on job satisfaction - in turn, a strong predictor of such employee behaviours as commitment, motivation, quitting intentions, and other affective responses on the part of the employee – provides a compelling reason for the redesign of HR strategy in modern Indian work environments.

Finally, we would be remiss if we did not indicate the limitations of our investigation. The Indian economy is characterised by a heterogeneous landscape, spanning across different locations and industrial sectors. The country has also been subject to dynamic

economic developments, especially during the past two decades. As such, it should be noted that our data is cross-sectional in nature, which imposes design limitations to following trends and changes over time. The evidence is also based exclusively on self-reported data in the public and private service sector, which offers scope for replication in other industrial sectors, such as manufacturing and agriculture. In a similar vein, we report results for employees located in the city of Shillong only. Performing future examinations to explore the impact of extrinsic and intrinsic job rewards on job satisfaction in other Indian cities or regions will thus serve as an insightful way forward.

## Notes

1. Not unlike job satisfaction, researchers also point out that life satisfaction is influenced by salient values and that these values are learned through socialization in their culture (e.g., Diener and Diener 1995; Keith, Heal and Schalock 1996; Oishi, Diener, Lucas and Suh 1999).
2. Interestingly, within the cultural self-expression domain, Fargher, Kesting, Lange and Pacheco (2008) have recently shown that the influence of cultural values on job satisfaction in Eastern and Western Europe is seen primarily through the impact of interpersonal trust.
3. It should be noted, however, that the cultural explanation of economic phenomena survived in American Institutional Economics. Therefore, with only few exceptions (e.g., Bowles 1998) and until recently, the application of cultural explanations to economic phenomena was almost exclusively discussed by heterodox economic scholars (e.g., Redmond 2006; Cordes 2007).
4. Contrary to the assumption that there are different motivations at play when working for public vs. private sector organisations (e.g., Delfgaauw and Dur 2005), running our regressions separately for public and private sector employees did not display a markedly different pattern of statistically significant moderating factors.
5. Interestingly, such findings also have important implications for a country's economic policy. For example, the case for economic growth becomes less clear-cut and arguments in support of progressive income tax become stronger (e.g., Layard 2005).

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**Appendix**

<i>Variable</i>	<i>Definition</i>	<i>Sample Means</i>
Job satisfaction	Ordinal categorical variable on a scale 1 to 5 (1 = least satisfied, 5 = most satisfied)	4.022
<b>Individual controls:</b>		
Male	Dummy variable: 1 for male; 0 otherwise	.634
Age	Age in years	40.843
Married	Dummy variable: 1 for married; 0 otherwise	.855
Dependents	Number of dependents in the family	3.326
Education	Educational attainment (1 = low education; ,5 = high education – PhD)	3.166
Job experience	Years of job experience	16.142
<b>Intrinsic rewards:</b>		
Learning opportunities	Dummy variable: 1 = current job provides learning opportunities; 0 otherwise.	.882
Responsibility opportunities	Dummy variable: 1 = current job provides responsibility opportunities; 0 otherwise.	.837
Growth opportunities	Dummy variable: 1 = current job provides growth opportunities; 0 otherwise.	.787
<b>Extrinsic rewards:</b>		
Permanent contract	Dummy variable: 1 for permanent contract; 0 otherwise	.950
Receiving better pay	Dummy variable: 1 = if current rates of pay are thought to be better than in other organizations in the similar industry/institution; 0 otherwise.	.707
Congenial work environment	Dummy variable: 1 = if work environment is thought to be congenial; 0 otherwise.	.896
<b>Characteristics of Collegial support:</b>		
Technical	Ordinal categorical variable on a scale 1 to 5 (1 = technical support from colleagues is thought to be least helpful, 5 = most helpful)	3.994
Social	Ordinal categorical variable on a scale 1 to 5 (1 = social support from colleagues is thought to be least helpful, 5 = most helpful)	4.207
Financial	Ordinal categorical variable on a scale 1 to 5 (1 = financial support from colleagues is thought to be least helpful, 5 = most helpful)	3.659
<b>Observations</b>		<b>662</b>