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Association between Organizational Performance and Job Satisfaction: How Sectoral Identity Moderates the Relationship

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Job satisfaction is a key element of human resource management, yet the association between organizational performance and employee job satisfaction remains theoretically underdeveloped, particularly regarding the direction of influence and how institutional context shapes this relationship. Drawing on organizational climate theory and social identity theory, this study examines how organizational performance is associated with job satisfaction and whether sectoral identity moderates this relationship. Using a panel of New York City school-level data linking independently measured student test scores to teacher survey responses, the findings show that performance is positively associated with job satisfaction across multiple model specifications, including school fixed effects. Results also reveal that public-sector employees report higher satisfaction than their nonprofit counterparts. However, no significant moderating effect of sector is found, suggesting the performance–satisfaction link operates similarly across institutional contexts. Implications for managing satisfaction in nonprofit educational organizations are discussed.

Keywords: Job satisfaction, Organizational performance, Sectoral difference, Charter schools, Teacher satisfaction

Introduction

Job satisfaction is an important part of human resource management, with strong influences on various behavioral consequences that are critical to the success of an organization (Kim, 2004). There has been extensive research on job satisfaction, exploring its outcomes as well as its determinants. Studies on the effects of job satisfaction have found that low job satisfaction is strongly associated with negative behavioral outcomes including turnover, absenteeism, and decreased productivity (Mobley, 1977; Siu, 2002). On the other hand, high job satisfaction has been found to produce positive outcomes such as greater commitment and increased performance (Cantarelli et al., 2016; Judge et al., 2000).

Although the relationship between job satisfaction and performance has been studied extensively, the vast majority of this research has examined satisfaction as a predictor of individual or organizational performance (Cantarelli et al., 2016; Judge et al., 2001). Far less attention has been paid to the reverse direction: whether organizational performance shapes employee job satisfaction. This gap is consequential because the two causal directions carry different practical implications. If satisfaction drives performance, then managers should invest in improving working conditions to raise output. But if performance also drives satisfaction by creating a positive organizational climate, reinforcing employees' sense of purpose, and signaling organizational competence, then performance information itself becomes a tool for human resource management.

This study examines the association between organizational performance and job satisfaction, and how sectoral identity moderates this relationship. We make three contributions to the literature. First, we theorize and test the less-examined direction of influence from organizational performance to job satisfaction drawing on organizational climate theory (Schneider et al., 2013) and social identity theory (Ashforth & Mael, 1989). Second, we exploit a unique dataset that links independently measured administrative performance data (student test scores) to school-level teacher survey responses, thereby avoiding the common-method bias that plagues survey-only studies. Third, we test whether sectoral identity, specifically, whether a school operates as a traditional public school or a nonprofit charter school moderates the performance–satisfaction relationship, contributing to the ongoing debate about public–nonprofit differences in employee attitudes.

Existing studies suggest the reciprocal causality between organizational performance and job satisfaction where the correlation between organizational performance and job satisfaction is positive as high performance can increase extrinsic rewards such as monetary incentives (Lawler & Porter, 1967). Moreover, organizational performance can also improve employees' perception of their workplace by increasing their perceptions of the organization's effectiveness, efficiency, and other important work-related values (Caillier, 2011). We elaborate on these mechanisms in the theory and hypotheses section below, while also addressing the well-documented reverse pathway from satisfaction to performance.

Another focus of this study is whether job satisfaction in the public and nonprofit sectors is correlated with organizational performance differently. It is a subject of controversy whether employees' work attitudes and motivations differ between the two sectors, and there has been scholarly debate whether public and nonprofit employees' work motivations share more commonalities or differences (Lee & Wilkins, 2011; Chen, 2012). Recent scholarship has continued to find mixed evidence. For example, Lee (2016) found that different organizational characteristics between public and nonprofit organizations influence the level of job satisfaction, while De Cooman et al. (2011) emphasized the convergence of motivational profiles across sectors.

This study investigates how organizational performance and sector influence the job satisfaction of teachers in New York City schools. Charter schools are independently owned and operated schools that are partially funded publicly (National Charter School Resource Center, n.d.). Given that charter schools in NYC are 100% owned by nonprofit organizations but receive public fundings (New York City Charter School Center, 2011), we can categorize NYC charter schools as nonprofit organizations according to their ownership (Bozeman, 1987). This study uses the annual teacher survey conducted by the New York City Department of Education to identify the association between schools' performance and sector on teachers' satisfaction. The comprehensive dataset includes information on school performance, in terms of students' standardized test scores, and differentiates between public and nonprofit sector schools. The findings show a significant and positive association between organizational performance and job

satisfaction. As for sectoral differences, the study demonstrates that public-sector employees are more satisfied with their work than nonprofit-sector employees. However, the results indicate no significant differences between sectors in the strength of the association between job satisfaction and organizational performance.

Literature Review

Job Satisfaction

Job satisfaction is defined as “a pleasurable or positive emotional state, resulting from the appraisal of one’s job or job experiences” (Locke, 1976, p. 1,304). It is an individual’s multi-dimensional psychological reaction to the cognitive, emotional, and behavioral aspects of their job (Hulin & Judge, 2003). As the definition indicates, job satisfaction can influence an individual’s behavioral decisions in the workplace, such as staying in the job or leaving, and is also related to various organizational factors, such as motivation, job performance, commitment to work, and citizenship behavior, among others (Kim, 2004). Individuals bring their expectations based on prior experiences as well as their personal traits to work, and if their expectations are met by the intrinsic and extrinsic rewards of the job, it increases their satisfaction and positive attitudes toward their work. However, if an individual’s experience at work does not match their expectations and desires, this leads to dissatisfaction with their work (Locke, 1976). Thus, job satisfaction has received increasing attention from the business and public sectors as a tool for human resource management since it can improve the efficiency and effectiveness of organizations (Aziri, 2011).

Job satisfaction is one of the most important components of effective management since it is associated with various outcomes at the individual and organizational levels. Existing studies have found that job satisfaction improves employees’ general life satisfaction, which has positive effects on many aspects of employees’ lives, including their jobs (Judge & Watanabe, 1994). Besides its indirect effect on work, job satisfaction is positively associated with prosocial and organizational citizenship behavior (Bateman & Organ, 1983; Judge et al. 2001; Organ, 1988). It also stimulates employees’ more active attendance at work (Scott & Taylor, 1985), decrease their absenteeism and turnover (Harrison et al., 2006; Porter and Steers, 1973), and improves their job performance (Judge et al., 2000). On the other hand, studies have found strong negative consequences of job dissatisfaction. Research has shown that job dissatisfaction leads to counter-productive behaviors among employees, such as greater turnover (Mobley, 1977), absenteeism (Siu, 2002), and lack of loyalty (Farrell, 1983). Such negative behavioral outcomes are hard to ignore due to their direct negative relationship with work productivity (Wright & Kim, 2004).

More recent scholarship has continued to refine our understanding of job satisfaction in public and nonprofit settings. Cantarelli et al. (2016) conducted a comprehensive meta-analysis of job satisfaction correlates in public administration, finding that organizational characteristics including management quality and goal clarity are among the strongest predictors of satisfaction. In the education context specifically, Roch and Sai (2017) found that charter school teachers report lower overall satisfaction than their traditional public school counterparts, a finding they attributed to differences in working conditions, teacher demographics, and organizational resources. Toropova et al. (2021) further demonstrated that school-level working conditions, including teacher collaboration and workload, are significant predictors of teacher satisfaction across institutional contexts. These more recent findings underscore the importance of organizational-level factors—rather than purely individual characteristics—in shaping job satisfaction.

Given the strong effect of employee job satisfaction on various aspects of management, exploring how job satisfaction is shaped and correlated with various organizational factors can make human resource management more effective. Among various factors, this study focuses on how job satisfaction is associated with organizational performance and how sectoral identity moderates this relationship.

Organizational Performance and Job Satisfaction

Job satisfaction literature has explored how job satisfaction is correlated with various organizational factors. One of the predominant topics is the linkage between organizational performance and job satisfaction. Traditional organizational theorists have argued that there is a positive association between the two, given that better organizational performance produces a greater level of extrinsic and intrinsic rewards, and more rewards are associated with greater job satisfaction (Lawler & Porter, 1967). In this mechanism, good organizational performance is connected to greater profits, which also boosts spirits within the organization, in turn increasing employees' intrinsic and extrinsic rewards. Good performance can also be linked to greater job satisfaction by making employees more goal-oriented and invigorating those who put greater value on organizational effectiveness (Locke, 1970). When an employee views their workplace as effective, it increases their purposive motivation—a type of intrinsic motivation mostly found in the public sector—as they perceive the organization as accomplishing its goals, achieving organizational efficacy, and satisfying other important public values (Caillier, 2011). In addition, scholars have noted that organizational performance and job satisfaction are highly correlated to each other since they share various common antecedents, such as financial compensation, leadership, and task clarity (Christen et al., 2006).

It is important to acknowledge that the relationship between performance and satisfaction is widely recognized as bidirectional. A substantial body of research, summarized in Judge et al.'s (2001) meta-analysis, has found that satisfied employees tend to perform better, suggesting a causal pathway from satisfaction to performance. More recently, Hsieh (2016) explicitly modeled the simultaneity of job performance and job satisfaction across sectors and found evidence of reciprocal effects. Our study does not claim to resolve this bidirectional relationship. Rather, we focus on the less-examined direction from organizational performance to job satisfaction and articulate the theoretical mechanisms through which performance may shape satisfaction. This direction is particularly relevant in education settings, where school-level performance (measured by student test scores) represents an organizational-level outcome that is only partially attributable to any individual teacher, making it more plausible as an organizational characteristic that shapes the work environment rather than a direct consequence of any individual teacher's satisfaction.

Existing studies, however, have found mixed evidence as to the association between performance and job satisfaction. Mainly from the business literature, some empirical research has shown that organizational performance influences job satisfaction (Brown et al., 1993; Darden et al., 1989, MacKenzie et al., 1998; Stumpf & Hartman, 1984). For example, Hsieh (2016) found that organizational performance is positively associated with job satisfaction in the public, for-profit, and nonprofit sectors. On the other hand, other studies have found no significant correlation between organizational performance and job satisfaction (Behrman & Perreault, 1984; Birnbaum & Somers, 1993; Dubinsky & Hartley, 1986). Given the mixed empirical evidence regarding the correlation between organizational performance and job satisfaction, it is worth further investigating this relation empirically and drawing potential theoretical and empirical mechanisms.

Sectoral Differences in Job Satisfaction

This study also examines an organization's sectoral identity as a potential moderator of the association between performance and job satisfaction. Individuals are more likely to choose a job where their values are aligned with the goals or mission of the organization (Chatman, 1989). This affects not only the type of job they choose but also the sector, given the distinct characteristics of different sectors. Scholars have suggested that work motivation varies across different sectors. Existing studies have somewhat contentious arguments about sectoral differences in job satisfaction between the public and nonprofit sectors. Some have indicated similarities between the public and nonprofit sectors' job satisfaction, such as strong motivations for nonmonetary rewards (Brooks, 2002), mission-driven characteristics (Crewson, 1997; Frank & Lewis 2004), a high level of intrinsic motivation (Weiner, 1985), goal ambiguity (Buchanan, 1974, 1975; Rainey, 2009), and difficulty measuring organizational performance (Chen, 2012; Holzer & Kloby, 2005). In contrast, others have posited that there still are differences in the level of job satisfaction as well as its determinants, given the two sectors' distinctive organizational characteristics. Public organizations are characterized by stricter bureaucracy and organizational rules than are nonprofit organizations (Boyne, 2002). Moreover, government agencies are subject to political controls that limit their autonomy or discretion further (Chen, 2012) and lead to lower job satisfaction.

Despite being a relatively less investigated topic, several existing studies have found that different organizational or individual factors between public and nonprofit organizations influence the level of job satisfaction (Lee, 2016). For public employees, career advancement, pensions and retirement plans, and job stability are associated more strongly with their job satisfaction than that of those in nonprofit organizations, while nonprofit employees' job satisfaction is related more strongly to prosocial behaviors, responsibility, and a family-friendly work environment than is that of public sector employees (Lee & Wilkins, 2011; Lee, 2016). Similarly, Chen (2012) found that public employees demonstrated lower perceived involvement and satisfaction in their jobs, and commitment, and expressed preferences for job security, pension and retirement plans, responsibility, and organizational reputation. More recently, Kjeldsen and Jacobsen (2013) examined whether sectoral differences in public service motivation reflect attraction or socialization effects, finding evidence for both mechanisms. This suggests that the institutional context of different sectors shapes employee attitudes through multiple pathways, reinforcing the importance of examining sector as a moderator rather than merely a control variable.

Beyond the initial selection of a job in a specific sector, we can also assume that organizational performance can be differently associated with job satisfaction in the public and nonprofit sectors. Public and nonprofit organizations might have different organizational cultures and environments for many reasons. Public and private organizations face different types of environmental factors, represented largely by markets and political influences (Boyne, 2002; Nutt, 2006; Perry & Rainey, 1988; Rainey et al., 1976). Public organizations are more likely to be influenced by external political entities such as political leaders, interest groups, and citizens. Due to this reason, public organizations are more likely to be bound to government regulations and policies compared to nonprofit organizations. Nonprofit organizations, on the other hand, have relatively greater autonomy granted by governments to be able to deliver more cost-efficient services to their citizens (Lecy & Van Slyke, 2013) and to serve citizens from diverse backgrounds (Hassel, 1997).

In the context of education, governments have enacted laws to enhance student performance such as No Child Left Behind Act until 2015 and Every Student Succeeds Act as a successor which could potentially place greater emphasis and pressure on public schools (Kogan et al., 2016) than on charter schools. Charter schools are schools that are operated independently by various private

entities and partially receive government fundings (National Charter School Resource Center, n.d.). In the case of New York City, all charter schools are owned and operated by nonprofit organizations (New York City Charter School Center, 2011). Bozeman (1987) provides three distinct characteristics that can distinguish different sectors: ownership, funding, and control. According to Bozeman, we can put NYC charter schools into the nonprofit sectors based on their ownership and control where these charter schools are 100% owned by nonprofit organizations, and they are more strongly influenced by private donors or other core stakeholders than political entities (Nutt, 2006).

Studies show that charter schools are waived from state laws, such as teachers' unionization, hiring process, and financial requirements (Bulkley & Fisler, 2003). The state authorities provide great autonomy of personnel/employment issues and the design of curriculum. Stillings (2006) indeed finds that charter schools adopt the state requirement to some extent, but they are not strictly bound to meet the standard of student achievement. With a stronger emphasis on student performance and academic achievement, the satisfaction of public-school teachers might be more strongly correlated with student performance compared to that of charter-school teachers. Organizational theorists contend that a high-performing organizational culture is positively associated with employee attitudes including satisfaction and commitment (Kontoghiorghes, 2016; Messersmith et al., 2011). Based on the sectoral differences in what organizations value more, we can assume that the job satisfaction of public-school teachers will be more strongly linked to organizational performance than charter-school teachers' satisfaction.

Theory and Hypotheses

In this section, we develop the theoretical framework for our study and derive testable hypotheses. We draw on two complementary theoretical perspectives: organizational climate theory and social identity theory to explain why organizational performance may shape employee job satisfaction, and we then theorize how sectoral identity may moderate this relationship.

Organizational Performance as a Driver of Job Satisfaction

Organizational climate theory posits that employees' shared perceptions of their work environment including management practices, resource availability, and organizational goals are significant determinants of work attitudes and behaviors (Schneider et al., 2013). High-performing organizations tend to cultivate positive climates characterized by clear goals, effective leadership, and a sense of collective accomplishment (Kontoghiorghes, 2016). In the education context, schools with higher student achievement may foster stronger collegial relationships among teachers, attract more resources, and receive more positive external recognition, all of which contribute to a work environment that enhances teacher satisfaction.

Social identity theory further suggests that individuals derive a portion of their self-concept from their membership in organizations (Ashforth & Mael, 1989). Teachers in high-performing schools may experience greater professional pride and a stronger sense of organizational identification, which in turn contributes to higher job satisfaction. Conversely, teachers in low-performing schools may experience stigma or demoralization that diminishes their satisfaction regardless of their personal effort or performance.

Importantly, these mechanisms suggest a direction of influence from organizational performance to individual satisfaction, which differs from the more commonly studied pathway from satisfaction to performance. While the reverse direction is well-established in the broader management literature (Judge et al., 2001), the theoretical mechanisms described above,

organizational climate effects and identity-based processes, operate at the organizational level and influence individual attitudes. Our empirical strategy, which uses independently measured administrative performance data (student test scores) rather than teacher self-reports of performance, is designed to test this direction of influence while minimizing common-method bias. We therefore hypothesize:

H1: School-level organizational performance is positively associated with teacher job satisfaction.

Sectoral Differences in Job Satisfaction

As discussed in the literature review, public and nonprofit organizations operate under different institutional logics. Traditional public schools in New York City are subject to strict government regulation, including collective bargaining agreements, standardized hiring procedures, and direct political oversight. Charter schools, while publicly funded, are operated by nonprofit organizations and enjoy greater autonomy in personnel decisions, curriculum design, and organizational management (Bulkley & Fisler, 2003; Stillings, 2006).

These institutional differences may affect job satisfaction through several channels. Public school teachers benefit from union protections, job security, pension plans, and structured career ladders, factors that have been associated with higher satisfaction (Lee & Wilkins, 2011). Charter school teachers, while potentially attracted by mission-driven cultures and greater pedagogical autonomy, often face less job security, lower compensation, and higher workloads (Roch & Sai, 2017). Moreover, charter school teachers tend to be younger and less experienced (as our descriptive statistics confirm), characteristics that are themselves associated with lower satisfaction. We therefore hypothesize:

H2: Teachers in charter schools (nonprofit sector) report lower job satisfaction than teachers in traditional public schools, controlling for school performance and other covariates.

Sector as a Moderator

We further consider whether sectoral identity moderates the performance–satisfaction relationship. Public schools, subject to accountability frameworks such as the No Child Left Behind Act and its successor the Every Student Succeeds Act, may create organizational cultures in which performance metrics are more salient to teachers' daily experience. Charter schools, while also subject to performance-based accountability (including the threat of charter revocation), may emphasize different organizational values such as innovation, community engagement, or pedagogical approach that could attenuate the link between test-score-based performance and teacher satisfaction. Alternatively, charter schools' market-based accountability mechanisms and mission-driven cultures could amplify the performance–satisfaction link if teachers in these schools are particularly invested in demonstrable student outcomes. Given the theoretical ambiguity, we offer a directional hypothesis based on the stricter performance accountability in the public sector:

H3: The positive association between organizational performance and teacher job satisfaction is moderated by sectoral identity, such that the association is stronger in traditional public schools than in charter schools.

Data and Methods

Data Sources and Sample

The data for this study come from the New York City Department of Education and the New York State Education Department from 2013 to 2015. These data include school-level test scores for English and math and various school characteristics, such as the percentage of minority students and school poverty rates. Three primary data sources are merged at the school-year level: (1) the NYC School Survey, which provides teacher satisfaction measures; (2) NYC and New York State administrative records, which provide student test scores as our measure of organizational performance; and (3) school demographic and staffing data from the NYC DOE and State Education Department.

The unit of analysis is the school. Each observation represents a school year, and all variables are measured at the school level. Teacher satisfaction scores represent aggregated school-level distributions from the NYC School Survey that is, the percentage of teachers in each school who selected each response option rather than individual teacher-level responses. Because individual-level teacher data are not available, hierarchical linear modeling with teachers nested within schools is not feasible. Instead, we exploit the panel structure of the data, observing the same schools over multiple years, and employ school fixed effects in robustness checks to control for all time-invariant school characteristics.

The NYC School Survey is administered annually by the NYC Department of Education to all teachers, parents, and students in NYC public and charter schools. The survey has been in use since 2007 and is administered in school, with both paper and online options depending on the year. In our analysis sample, the mean teacher response rate is 84.1% with a range from 9% to 100%. Response rates are comparable across sectors: the mean response rate is 84.0% for traditional public schools and 84.7% for charter schools (the difference is not statistically significant). We control for response rate in all regression models to account for potential nonresponse bias. The survey instrument has been used in prior peer-reviewed research on NYC schools (Favero & Meier, 2013) and is publicly documented by the NYC DOE.

The analysis includes both traditional public schools and charter schools excluding special education schools. The final analysis sample consists of 2,686 school-year observations from 1,232 unique schools: 1,093 traditional public schools (2,435 school-year observations) and 139 charter schools (251 school-year observations). The sample includes elementary, middle, and high schools.

The study period of 2013–2015 was selected for two reasons. First, several key survey items used to construct the satisfaction measure were modified or discontinued after 2015, when the NYC DOE changed the survey instrument's response scale from a four-point to a six-point format in some years. Using a consistent set of survey items across years is essential for valid longitudinal comparisons. Second, the 2013–2015 window captures a stable policy period in NYC education, following the implementation of Common Core standards but before subsequent major reforms. While we acknowledge that more recent data would enhance timeliness, we note that the core theoretical relationships we test—between organizational performance, sectoral identity, and job satisfaction—are not period-specific.

New York State adopted the New York State Charter School Act of 1998. As in most states with a charter school policy, private entities operate New York charter schools, and these entities are exempt from numerous regulations that pertain to the curriculum and the hiring process (Ballotpedia, n.d.). In particular, they are not required to recognize a teachers' union; thus, very few charter-school teachers belong to a union (Zimmerman & Disare, 2017).

Analytic Strategy

We employ a multi-step analytic strategy to test our hypotheses, moving from descriptive analysis to increasingly rigorous model specifications.

First, we report descriptive statistics for all variables, disaggregated by sector, and present bivariate correlations among key variables (Tables B and C). Second, we report factor analysis results for the satisfaction measure, including eigenvalues, factor loadings, and internal consistency reliability (Table A). Third, we estimate our main models using random effects panel estimation with standard errors clustered at the school level (Table 1). The random effects specification is preferred as the main analysis because it allows us to estimate the coefficient on the time-invariant sector variable (charter), which is automatically omitted in fixed effects models. Fourth, we conduct sensitivity analyses using pooled OLS with year fixed effects (Table 2) and school-and-year fixed effects (Table 3). The fixed effects specification controls for all time-invariant school characteristics (e.g., neighborhood, founding mission, physical infrastructure) and thus provides a more rigorous test of the within-school relationship between performance changes and satisfaction changes, though it cannot estimate the sector main effect. We also conduct a Hausman test to compare the random effects and fixed effects specifications (see Table D). In all models, we cluster standard errors at the school level to account for within-school serial correlation (Wooldridge, 2010).

Measures

Dependent Variable

To measure employee job satisfaction, this study uses eight questions about job satisfaction from the annual teacher satisfaction survey. These items capture multiple dimensions of school quality as perceived by teachers, including standards for student work, curriculum breadth, communication with parents, teacher trust, desire to remain at the school, willingness to recommend the school, and perceived quality of academic preparation. The selection of questions was mainly drawn from a previous study (Favero & Meier, 2013) and further expanded with additional questions tapping teachers' satisfaction with their work environment. While these items do not constitute a traditional job satisfaction scale, they capture school-level satisfaction with the working and teaching environment, which is the most relevant dimension of satisfaction for this study's focus on organizational performance. This study used an index measure as a dependent variable which took an average of 8 questions. Respondents answer questions on a four-point Likert scale that ranges from strongly disagree to strongly agree.

Principal component analysis (PCA) was conducted on the eight satisfaction items to assess dimensionality. Results reveal a single dominant factor with an eigenvalue of 11.80, accounting for 79.2% of the total variance. The second factor had an eigenvalue of 1.04 (7.0% of variance), barely exceeding the conventional Kaiser criterion of 1.0, and no subsequent factors had eigenvalues above 1.0. All eight items loaded strongly on the first factor, with loadings ranging from 0.276 to 0.452 (see Table A). Given the dominance of the first factor, we retain the single-factor solution and use the mean of all eight items as our satisfaction index. Cronbach's alpha for the eight-item scale is 0.958, indicating excellent internal consistency. Inter-item correlations range from 0.61 to 0.91, further supporting the unidimensional structure. The items in the 2012–

2013 survey used a four-point Likert scale; to ensure comparability across years, all items were rescaled to a 0–10 index.

Independent Variable

Organizational performance is the independent variable of this study, measured using the average standardized test score at the school level. Students in NYC are required to take a state-level standardized test in English, math, and science every year, but only the English and math scores are publicly reported. This paper employs schools' pass rates in English and math, which indicates the rate at which students met or exceeded the proficiency level. This study uses the combined mean test score for English and math taken from a school's average score on the two subjects as the measure of a school's performance.

A key advantage of this measure is that it is derived from administrative records maintained by the NYC DOE and the New York State Education Department, entirely independent of the teacher satisfaction survey. This separation of data sources eliminates common-method bias: a pervasive concern in studies that rely on the same survey instrument to measure both performance perceptions and job satisfaction. Moreover, school-level test scores reflect cohort-level student performance, which is only partially attributable to any individual teacher's behavior, making it more plausible as an organizational-level characteristic that shapes the work environment.

Moderator

The moderator of this paper is the sector identity. For this study, charter schools were considered nonprofit-sector entities while public schools were considered public-sector entities. A binary measure was used to indicate whether each school was a public or charter school.

Control Variables

This study adopts various school and teacher characteristics as control variables. Among the school characteristics, this study incorporates each school's percentage of students of color, including African American, Hispanic, Asian, and multi-racial students, as one of the most common measures of client characteristics (Rossi, 1972). This study also controlled for the percentage of students with disabilities, students who are eligible for free or reduced lunch, and the percentage of bilingual students. Moreover, the logged school size variable was also included. The logged School Violence Index (SVI) is also used as a control since a school's level of violence can affect teachers' satisfaction. A class size variable is not included because class size data are unavailable for charter schools in our sample.

Next, several teacher characteristics are included in the analysis. Percentages of teachers with no valid certificate and individuals teaching without certificates are included, as studies suggest a possible association with student performance (Wayne & Youngs, 2003; Goldhaber & Brewer, 2000). The percentage with a master's degree or higher and the percentage with less than 3 years of experience are also included. Finally, the teacher survey response rate is included in all models to account for potential nonresponse bias.

Descriptive Statistics

Table B presents descriptive statistics for the full sample, and Table C presents descriptive statistics disaggregated by sector. Several notable differences emerge between traditional public and charter schools. Charter schools in the sample have significantly higher average test scores (mean = 34.9 vs. 28.7 for public schools, $p < 0.001$), lower school violence rates (log SVI = 0.09

vs. 0.34, $p < 0.001$), and smaller enrollments (log enrollment = 6.01 vs. 6.33, $p < 0.001$). Charter schools also differ markedly in their teacher workforce: they have dramatically higher rates of uncertified teachers (16.5% vs. 0.6%, $p < 0.001$), more teachers with fewer than three years of experience (31.5% vs. 11.9%, $p < 0.001$), and far fewer teachers with a master's degree or higher (9.1% vs. 44.8%, $p < 0.001$). Despite these differences, teacher satisfaction does not differ significantly between sectors in the bivariate comparison (public mean = 7.46, charter mean = 7.35, $p = 0.178$), suggesting that the sectoral effect observed in regression models is driven by compositional differences captured by control variables.

Findings

We present the results of our analyses organized around the three hypotheses.

Main Results

Table 1 shows the results of the random effects estimation testing the association between organizational performance and teacher job satisfaction. In support of H1, school performance is strongly associated with job satisfaction in both the first and second columns ($p < 0.01$). A one-percentage-point increase in the school's mean test score is associated with a 0.018-point increase in teacher satisfaction (on a 0–10 scale), controlling for school demographics, teacher characteristics, and school violence. This effect is substantively meaningful: a one-standard-deviation increase in test scores (approximately 20 percentage points) corresponds to a 0.36-point increase in satisfaction, or about 28% of a standard deviation of satisfaction. Teachers who work at a high-performing school are more likely to be satisfied with their workplace compared to those who work at a low-performing school.

In support of H2, the findings also present strong sectoral differences in employee job satisfaction between the public and nonprofit sectors. Charter school teachers score approximately 0.36 to 0.47 points lower on the satisfaction index than their public school counterparts, a difference that is statistically significant at $p < 0.01$ across specifications. The second column also tests the potential moderating effect of the sector on the relationship between performance and job satisfaction (H3), but no significant interaction is found. Thus, H3 is not supported: the performance–satisfaction association does not differ significantly between public and charter schools. Most control variables are found to have effects consistent with existing literature. Job satisfaction is negatively associated with the presence of minority students, especially Asian, African American, and multi-racial students. School violence rate and school size are also found to have negative association with job satisfaction.

Because several control variables recommended by earlier studies are missing here, two sensitivity checks are conducted to demonstrate that the principal results are consistent across the different models. The first sensitivity check is the same model with year fixed effects incorporated, the findings of which are highly consistent with the main analysis. The effect sizes of the coefficients are also comparable to those of the first model. Table 2 demonstrates that performance is positively correlated with job satisfaction, and that job satisfaction in the nonprofit sector is significantly lower than job satisfaction in the public sector. Further, no significant moderating effect of the sector is found. Most control variables also have a similar association with job satisfaction, although some student characteristics have less statistical power.

The second sensitivity check is a fixed effect estimation that includes school and year fixed effects. As mentioned before, fixed effect estimation automatically omits time-invariant variables – including the sector variable. However, we can still estimate the interaction term in the second

column of Table 3. The fixed effects results provide particularly strong evidence for H1: even within the same school, when test scores change over time, teacher satisfaction moves in the same direction ($\beta = 0.018$, $p < 0.05$). This within-school estimate controls for all stable school characteristics—including neighborhood, physical infrastructure, founding mission, and stable aspects of school culture—and thus provides a more rigorous test of the performance–satisfaction association than the cross-sectional specifications. Most control variables’ statistical significance decreases because of the school fixed effects, but the coefficients’ direction remains consistent with the previous models.

A Hausman test comparing the random effects and fixed effects specifications was conducted to assess whether the random effects assumption of no correlation between the unit-specific effects and the regressors is supported. The test statistic is $\chi^2(18) = 15.01$ ($p = 0.662$), failing to reject the null hypothesis. This indicates that the random effects estimates are consistent and efficient, and the RE specification is preferred (see Table D). We therefore present the random effects model as our main analysis while reporting the fixed effects results as a robustness check.

Discussion and Conclusion

This paper probes how organizational performance is associated with job satisfaction, and whether sectoral identities can moderate this association in the context of education. Drawing on organizational climate theory and social identity theory, we hypothesized that organizational performance positively shapes teacher satisfaction (H1), that charter school teachers report lower satisfaction than public school teachers (H2), and that sectoral identity moderates the performance–satisfaction link (H3). Our findings support H1 and H2 but not H3. The findings show a positive association between organizational performance and job satisfaction, suggesting that organizational performance potentially generates employees’ intrinsic and extrinsic motivations, which are significantly correlated with job satisfaction. Such correlation remains consistent throughout different empirical analyses, including the most rigorous school fixed effects specification.

The findings from this research provide several contributions to our knowledge of job satisfaction. First, this paper provides evidence for the less-examined causal direction in the performance–satisfaction relationship. While much of the existing literature focuses on how satisfaction drives performance (Judge et al., 2001), our results suggest that the reverse pathway also operates: organizational performance shapes employee attitudes. This finding is strengthened by our use of independently measured administrative performance data, which avoids the common-method bias inherent in survey-only studies, and by the consistency of results across model specifications, particularly the within-school fixed effects estimates. However, we acknowledge that our cross-sectional panel design cannot definitively establish causal direction, and the relationship is likely reciprocal (Hsieh, 2016). Future research using instrumental variable approaches or quasi-experimental designs such as regression discontinuity around performance thresholds could more conclusively adjudicate between the two directions.

Second, this study contributes to the literature on sectoral differences. In terms of sectoral differences in job satisfaction, this study found a stark difference in job satisfaction between the public and nonprofit sector. In an education setting, job satisfaction in the nonprofit sector – a unique setting in the U.S. where charter schools are owned by nonprofit entities in New York City – was found to be lower than in the public sector. The result is consistent with a previous study that found lower job satisfaction in charter schools than in traditional public schools (Roch & Sai, 2017). In the school setting, intrinsic motivations seem to be a more important draw for potential employees compared with extrinsic motivations. This paper investigates differences in job

motivations between public and nonprofit charter school teachers in New York City, and it should be noted that the extrinsic motivations such as financial incentives might not vary hugely across these sectors.

Third, this study also explored the potential moderating effect of sector on the relationship between organization performance and job satisfaction. The analysis did not find any significant sectoral differences in how employee satisfaction is influenced by performance (H3 not supported). This null finding is itself substantively interesting. It suggests that the performance–satisfaction mechanism operates similarly across institutional contexts, despite the very different accountability regimes, employment conditions, and organizational cultures of public and charter schools. One possible explanation is that both types of schools are ultimately subject to performance-based accountability: public schools through government mandates and charter schools through market-based mechanisms and the threat of charter revocation—creating similar organizational dynamics around performance. As this study assumed that government policies have stronger influence on the public organizations, especially in the context of education – No Child Left Behind Act, the emphasis on organizational performance might remain strong in the schools regardless of their sectoral identity.

Since the findings indicate a large sectoral difference in job satisfaction, organizations in the nonprofit sector, where job satisfaction is lower, should endeavor to determine what causes this low job satisfaction. In the case of charter schools, there are several conditions that may lead employees to perceive their workplace as inferior to public schools. Charter schools are known for serving a variety of disadvantaged students, such as minority or low-income students who are perceived to misbehave more than regular students, putting teachers in more difficult working conditions (Roch & Sai, 2017). Moreover, Roch and Sai (2017) have contended that teachers in charter schools are younger in age and less experienced, factors that are negatively correlated with job satisfaction. Our descriptive statistics confirm this pattern: charter schools in our sample have significantly fewer experienced teachers (31.5% vs. 11.9% with fewer than three years of experience) and far fewer teachers with advanced degrees (9.1% vs. 44.8% with a master's degree or higher). Given that there are limited financial advantage in the charter school context, it might be extremely challenging for charter schools to attract and retain highly qualified and experienced teachers. Although there is variation in job satisfaction across the sectors, it is important to improve working conditions or increase extrinsic rewards to enhance job satisfaction in education or similar fields such as early childhood care.

Limitations and Future Research

Finally, this study has limitations that could be addressed in future research. First, although we theorize a direction of influence from organizational performance to job satisfaction and employ design features that support this interpretation (independent measurement of performance, within-school panel estimation), we cannot rule out reverse causality. The relationship between performance and satisfaction is likely reciprocal, and our cross-sectional panel design does not permit definitive causal inference. Future studies employing instrumental variables, regression discontinuity, or natural experiments could provide stronger causal evidence.

Second, our satisfaction measure, while demonstrating strong internal consistency ($\alpha = 0.958$) and a clear unidimensional factor structure, is based on school-level survey aggregates rather than individual teacher responses. This means we cannot observe within-school variation in teacher satisfaction or model individual-level predictors of satisfaction. Future research with access to individual-level survey data could employ hierarchical linear modeling to simultaneously estimate school-level and teacher-level effects.

Third, our data span 2013–2015. While we provided justifications for this time window (survey instrument changes after 2015), we acknowledge that the education landscape has changed since this period, including the transition from No Child Left Behind to the Every Student Succeeds Act. Future studies should examine whether these findings hold in more recent periods.

Fourth, measures of intrinsic and extrinsic motivations are missing. While literature suggests how organizational performance and sector are correlated with job satisfaction by potentially affecting individual motivations, due to data limitations this paper was not able to directly test whether motivations can mediate the association between performance and satisfaction. Future studies can measure employees' intrinsic motivations such as perceived effectiveness or efficacy and extrinsic motivations such as financial compensation or benefits and test how performance and sector influence job satisfaction through motivation.

Finally, our findings are specific to the NYC education context. Sectoral differences in job satisfaction may function differently in other policy settings or geographical contexts, particularly those with different charter school governance structures or teacher labor markets. Replication across contexts would strengthen the generalizability of these findings.

Disclosure Statement

The authors declare that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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Table 1. Effects of School Performance and Sector on Job Satisfaction (Random Effects)

Variables	(1) Job Satisfaction	(2) Job Satisfaction
School Performance	0.019*** (0.002)	0.018*** (0.003)
Charter Schools	-0.483*** (0.138)	-0.632*** (0.209)
School Performance × Charter		0.005 (0.004)
% Female Students	0.000 (0.003)	0.001 (0.003)
% Asian Students	-0.005** (0.002)	-0.005* (0.002)
% Black Students	-0.004* (0.002)	-0.004** (0.002)
% Hispanic Students	-0.000 (0.002)	-0.001 (0.002)
% Multi-Race Students	-0.018* (0.011)	-0.018* (0.011)
School Violence Rate	-0.723*** (0.100)	-0.729*** (0.100)
School Size	-0.229*** (0.054)	-0.230*** (0.054)
% Disability Students	-0.008* (0.005)	-0.009* (0.005)
% Bilingual Students	-0.005* (0.003)	-0.005* (0.003)
Student Poverty Rate	-0.000 (0.002)	-0.000 (0.002)
% Teachers w/o Valid Cert	0.005 (0.005)	0.005 (0.005)
% Teachers w/o Cert	-0.002 (0.002)	-0.002 (0.002)
% Teachers <3yr Experience	0.001 (0.002)	0.001 (0.002)
% Teachers w/ Master's+	0.004**	0.004**

	(0.002)	(0.002)
Response Rate	0.015***	0.015***
	(0.001)	(0.001)
2014	-0.749***	-0.746***
	(0.048)	(0.048)
2015	0.061*	0.065*
	(0.036)	(0.037)
Constant	7.722***	7.809***
	(0.513)	(0.522)
Observations	2686	2686
R-squared	0.359	0.359
Number of schools	1232	1232

Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 2. Effects of School Performance and Sector on Job Satisfaction (Year Fixed Effects Only)

Variables	(1) Job Satisfaction	(2) Job Satisfaction
School Performance	0.019*** (0.002)	0.017*** (0.003)
Charter Schools	-0.441*** (0.146)	-0.599*** (0.219)
School Performance × Charter		0.005 (0.005)
% Female Students	0.000 (0.003)	0.000 (0.003)
% Asian Students	-0.004 (0.003)	-0.004 (0.002)
% Black Students	-0.003 (0.002)	-0.003 (0.002)
% Hispanic Students	0.001 (0.002)	0.000 (0.002)
% Multi-Race Students	-0.019 (0.013)	-0.019 (0.013)
School Violence Rate	-0.899*** (0.102)	-0.907*** (0.103)
School Size	-0.206*** (0.054)	-0.206*** (0.054)
% Disability Students	-0.007	-0.007

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	(0.006)	(0.006)
% Bilingual Students	-0.005*	-0.006*
	(0.003)	(0.003)
Student Poverty Rate	-0.001	-0.001
	(0.002)	(0.002)
% Teachers w/o Valid Cert	-0.001	-0.000
	(0.006)	(0.006)
% Teachers w/o Cert	-0.001	-0.001
	(0.003)	(0.003)
% Teachers <3yr Experience	-0.002	-0.002
	(0.003)	(0.003)
% Teachers w/ Master's+	0.004*	0.004*
	(0.002)	(0.002)
Response Rate	0.017***	0.017***
	(0.002)	(0.002)
2014	-1.039***	-1.037***
	(0.058)	(0.058)
2015	0.081**	0.084**
	(0.038)	(0.038)
Constant	7.471***	7.564***
	(0.524)	(0.538)
Observations	2686	2686
R-squared	0.369	0.369
Number of schools	1232	1232

*Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$*

Table 3. Effects of School Performance and Sector on Job Satisfaction (Unit and Year Fixed Effects)

Variables	(1) Job Satisfaction	(2) Job Satisfaction
School Performance	0.018** (0.007)	0.014** (0.007)
School Performance × Charter		0.022 (0.018)
% Female Students	-0.009 (0.017)	-0.008 (0.017)
% Asian Students	-0.016 (0.022)	-0.015 (0.022)
% Black Students	-0.015 (0.020)	-0.016 (0.020)
% Hispanic Students	-0.007 (0.019)	-0.009 (0.019)
% Multi-Race Students	-0.026 (0.031)	-0.024 (0.031)
School Violence Rate	-0.300 (0.210)	-0.312 (0.209)
School Size	-0.241 (0.265)	-0.284 (0.271)
% Disability Students	-0.009 (0.014)	-0.008 (0.014)
% Bilingual Students	0.012 (0.012)	0.012 (0.012)
Student Poverty Rate	0.000 (0.007)	-0.000 (0.007)
% Teachers w/o Valid Cert	0.019* (0.011)	0.017 (0.011)
% Teachers w/o Cert	-0.000 (0.004)	0.000 (0.004)
% Teachers <3yr Experience	0.004 (0.005)	0.004 (0.005)
% Teachers w/ Master's+	0.003 (0.005)	0.003 (0.005)
Response Rate	0.011*** (0.003)	0.011*** (0.003)
2014	-0.610*** (0.073)	-0.606*** (0.073)
2015	0.030	0.036

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	(0.068)	(0.068)
Observations	2686	2686
R-squared	0.155	0.157
Number of schools	1232	1232

*Robust standard errors in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$*

Appendix

Table A. Factor Analysis Results

Panel A: Eigenvalues

Component	Eigenvalue	% Variance	Cumulative %
Factor 1	11.801	79.2%	79.2%
Factor 2	1.042	7.0%	86.2%
Factor 3	0.694	4.7%	90.9%
Factor 4	0.405	2.7%	93.6%
Factor 5	0.331	2.2%	95.8%
Factor 6	0.282	1.9%	97.7%
Factor 7	0.182	1.2%	98.9%
Factor 8	0.159	1.1%	100.0%

Panel B: Factor Loadings (Component 1)

Survey Item	Loading
High standards for student work	0.312
Wide variety of courses	0.4281
Teachers use parent info	0.452
Effective parent communication	0.2762
Teachers trust each other	0.3689
Wouldn't want to work elsewhere	0.3026
Would recommend school	0.3266
Academic preparation quality	0.323
Cronbach's alpha	0.9577
N (complete cases)	1905

Table B. Descriptive Statistics

	Full Sample			Public Schools			Charter Schools			Diff
Variable	N	Mean	SD	N	Mean	SD	N	Mean	SD	p-value
Teacher Satisfaction	2686	7.453	1.249	2435	7.463	1.253	251	7.354	1.216	0.178
School Performance	2686	29.282	19.908	2435	28.702	19.917	251	34.907	18.956	<0.001
% Female Students	2686	49.3	6.846	2435	49.122	6.154	251	51.028	11.46	0.010
% Asian Students	2686	11.853	17.931	2435	12.821	18.509	251	2.463	4.478	<0.001
% Black Students	2686	32.309	29.202	2435	29.828	28.299	251	56.379	26.834	<0.001
% Hispanic Students	2686	41.27	26.408	2435	41.871	26.591	251	35.447	23.836	<0.001
% Multi-Race Students	2686	1.552	2.111	2435	1.547	2.181	251	1.6	1.247	0.561
% White Students	2686	13.016	20.153	2435	13.934	20.737	251	4.11	9.344	<0.001
% Disability Students	2686	18.707	6.614	2435	19.082	6.521	251	15.073	6.413	<0.001
% Bilingual Students	2686	13.368	12.184	2435	14.074	12.45	251	6.524	5.763	<0.001
Student Poverty Rate	2686	81.049	21.306	2435	81.276	21.922	251	78.855	13.83	0.014
School Violence Rate	2686	0.316	0.278	2435	0.339	0.276	251	0.089	0.172	<0.001
School Size (log)	2686	6.303	0.56	2435	6.334	0.56	251	6.012	0.475	<0.001
Response Rate	2686	84.102	15.705	2435	84.036	15.255	251	84.745	19.567	0.578
% Teachers w/o Valid Cert	2686	2.08	6.202	2435	0.589	1.713	251	16.546	12.36	<0.001
% Teachers w/o Cert	2686	9.572	11.65	2435	8.825	11.276	251	16.817	12.714	<0.001
% Teachers <3yr Exp	2686	13.763	13.296	2435	11.933	11.387	251	31.514	16.95	<0.001
% Teachers w/ Master's+	2686	41.455	18.624	2435	44.787	15.95	251	9.124	9.511	<0.001
Charter Schools (binary)	2686	0.093	0.291							

N schools: Public = 1093, Charter = 139

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Table C. Correlation Matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
(21) % Master's+	1																				
(1) Satisfaction	0.418	1																			
(2) Test Score (Mean)	0.415	0.979	1																		
(3) ELA Score	0.407	0.985	0.928	1																	
(4) Math Score	-0.025	0.091	0.035	0.135	1																
(5) Charter	0.086	0.123	0.148	0.097	0.081	1															
(6) % Female	0.175	0.514	0.466	0.537	-0.168	-0.017	1														
(7) % Asian	-0.209	-0.388	-0.36	-0.398	0.265	0.002	-0.449	1													
(8) % Black	-0.133	-0.411	-0.432	-0.379	-0.071	-0.001	-0.308	-0.443	1												
(9) % Hispanic	0.098	0.269	0.283	0.249	0.008	0.004	0.085	-0.013	-0.262	1											
(10) % Multi-Race	0.312	0.614	0.644	0.569	-0.142	0.014	0.155	-0.467	-0.366	0.183	1										
(11) % White	-0.199	-0.498	-0.481	-0.496	-0.177	-0.212	-0.351	0.098	0.237	-0.089	-0.131	1									
(12) % Disability	-0.117	-0.23	-0.289	-0.172	-0.181	-0.101	0.219	-0.439	0.548	-0.258	-0.251	-0.008	1								
(13) % Bilingual	-0.3	-0.646	-0.694	-0.585	-0.033	-0.025	-0.138	0.229	0.44	-0.303	-0.753	0.196	0.427	1							
(14) % Poverty	-0.344	-0.461	-0.424	-0.477	-0.263	-0.109	-0.227	0.216	0.087	-0.108	-0.213	0.408	0.036	0.206	1						
(15) Violence (log SVI)	-0.001	0.263	0.246	0.268	-0.168	-0.003	0.354	-0.346	-0.004	-0.015	0.192	-0.341	0.164	-0.043	-0.184	1					
(16) Enrollment (log)	0.258	0.029	0.028	0.028	0.013	0.052	0.018	-0.061	0.004	0.005	0.068	0.052	0.006	-0.046	-0.067	-0.157	1				
(17) Response Rate	-0.034	0.026	-0.011	0.056	0.749	0.046	-0.165	0.231	-0.046	0.012	-0.129	-0.077	-0.142	-0.02	-0.17	-0.165	0.023	1			
(18) % No Valid Cert	-0.094	-0.163	-0.132	-0.183	0.2	0.091	-0.202	0.193	0.066	-0.022	-0.184	0.113	-0.099	0.014	0.123	-0.225	0	0.436	1		
(19) % Out of Cert	-0.091	-0.071	-0.093	-0.051	0.43	-0.018	-0.173	0.15	0.084	-0.027	-0.17	0.07	-0.036	0.017	0.033	-0.28	0.03	0.371	0.332	1	
(20) % <3yr Experience	0.138	0.201	0.223	0.176	-0.557	-0.045	0.357	-0.31	-0.177	0.004	0.363	-0.073	0.085	-0.126	-0.025	0.355	-0.025	-0.474	-0.362	-0.681	1
(21) % Master's+																					

N = 2685

[Type here]

Table D. Hausman Test: FE vs. RE

Chi-squared statistic	15.01
Degrees of freedom	18
p-value	0.6616

Variable	FE Coef.	RE Coef.	Difference
School Performance	0.0177	0.0195	-0.0018
% Female Students	-0.0087	0.0005	-0.0092
% Asian Students	-0.0157	-0.0049	-0.0108
% Black Students	-0.0155	-0.004	-0.0115
% Hispanic Students	-0.0071	-0.0002	-0.0069
% Multi-Race Students	-0.026	-0.0184	-0.0076
School Violence Rate	-0.3002	-0.7231	0.4229
School Size	-0.2408	-0.2289	-0.0119
% Disability Students	-0.0085	-0.0084	-0.0001
% Bilingual Students	0.012	-0.005	0.0171
Student Poverty Rate	0.0002	-0.0001	0.0003
% Teachers w/o Valid Cert	0.019	0.005	0.014
% Teachers w/o Cert	-0.0001	-0.0015	0.0014
% Teachers <3yr Experience	0.0042	0.0009	0.0033
% Teachers w/ Master's+	0.0026	0.004	-0.0014
Response Rate	0.0113	0.0147	-0.0034
2014	-0.6104	-0.7492	0.1388
2015	0.0303	0.0614	-0.031