

Employee Satisfaction and Its Impact on Job Turnover

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Abstract

The purpose of the study was to explore the impact of employee satisfaction on his/her intent to leave the organization. A questionnaire was developed having 22 items, blocked separately, which were tapping relevant concepts. 'Employee satisfaction' was tapped through employee empowerment, workplace environment and pay and promotion, which were collectively tapping the concept of job turnover. Mostly banks were targeted to collect the data, but, some other job holders were also asked to fill the questionnaire. Analyses which have mainly been run on the data were Correlation Analysis and Regression Analysis. A Multiple Regression Model was used for this purpose. The analyses clearly show that there is a positive significant relationship between all the variables. Employee empowerment, workplace environment, pay and promotion and employee satisfaction were significantly affecting job turnover. The study will help the executives/owners to better understand their employee's needs and desires that might be fulfilled to make them loyal to the organization and finally they will not leave it. Mostly banks were targeted, other companies and firms might also be targeted to know better results. Mostly lower level staff was asked for response, while middle level and some of the high level staff can also be targeted for further study. Female respondents were very low in quantities.

Keywords

Employee Empowerment, Employee Satisfaction, Impact on Job Turnover, Pay and Promotion, Workplace Environment

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1. Introduction

There are some certain fundamentals in employees' conduct that need to be perceived and seen by the organizations to further enhance their performance execution, using all their capabilities to the greatest possible level. It is a typical conviction if the employer gives his worker the peace of work, due amount of wages and comfy work environment, the employees will respond in the same terms and give out their best.

An effective organization endeavors to find that there is an extraordinary level of joint effort, correspondence, confirmation, worker fulfillment and enticement levels

among its staff so that they would be more incentivized towards their work obligations and accomplishing general authoritative objectives. Under these circumstances, the level of performance of the employees ascends to stunning statures and the employer shows preparation to further improve the offices and secondary advantages of the workers.

The happiness of the specialists is a sign of the representative's fulfillment as it is a measure of truthfulness and responsibility of the representatives with their occupation and workplace. Ensuring high spirits among the employees can be of extraordinary advantage to any organization,

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because satisfied employees will be more inclined to deliver more, take less days off, and stay faithful to the organization. There are numerous components included in enhancing and keeping up the employees' satisfaction.

Therefore a vast majority of the organizations take part in conducting surveys and interviews of their employees in order to analyze the level of satisfaction of their employees, and their attitude towards the work. Both of these techniques have their own pros and cons, however, one should consider choosing the best and the right option for one.

The objective and aim of the research study was to meditate on the variables that could influence the satisfaction level of an employee in an organization and thus in turn has an impact on their turnover or retention intention. In order to achieve the objectives of the research study, the variables considered were employee empowerment, pay and promotion, and workplace environment. In the study these three variables were taken as independent variables in order to measure their impact on the satisfaction level of employees and further their impact on the turnover intention of the employees. Thus, the objective of the research was to assess the impact of various independent variables as antecedent of the employee satisfaction, and their impact on the turnover intention of the employees.

The way an employee behaves in an organization is one of the major elements determining his job satisfaction level. If the employee is satisfied with his supervisor or the organization, he is likely to work more diligently, and devotedly. Similarly, if an employee is encouraged and motivated, his level of satisfaction is likely to rise in a number of ways, for instance by providing him with incentives in the event where he attain his targets. This is the very same reason why many organizations arrange training sessions for their employees, conduct performance appraisal and offer many incentives packages. Therefore, many companies conduct training programs, performance appraisal and provide incentive packages for their diligent, motivated and highly efficient employees. Each organization has different policies of this kind, however, the purposes of all of them tend to remain the same, i.e. increasing the satisfaction level of the employees, and making the employees more loyal towards the organization.

As a matter of fact, loyal employees are more faithful and determined to achieve company's goals, than the rest of the employees. Similarly, the loyal employees are a great asset of an organization, which could really help it gain a competitive edge over the rivalry firms with respect to the workforce.

Despite the fact that the investigation of Human Resource Management is the essential target of any association, along these lines concentrating on human asset helps the chiefs to

think about the obstacles that stop a worker to work appropriately and what are those elements, which spur the representatives. Studies identifying with workers find the issues that urge representatives to "go the additional mile" and through workers feel their achievement in the association's prosperity. Then again, worker fulfillment pay centers at pay equity and security of employment, individual accomplishment, work burden, adjust between living up to expectations hours and individual life and ability to control association's direction, a collecting that has regularly been portrayed, examined and investigated. A fought employee is satisfied with the pay structure, advancement arrangement, working conditions, office timings, and so forth. A committed employee is the person who has no proposition to leave the association and he meets expectations all the more genuinely and proficiently to attain to the focuses of the association. Consequently, these employees play a vital role in spreading a positive message and image of the organizations they are working in with the help of their lip service.

2. Literature Review

People's considerations, beliefs, and perception about their jobs is closely related with employee satisfaction, as employee satisfaction has sentimental and congenial condition that results accomplishment of the work and better practical experience. The employee satisfaction has been inconsistently read in organizations, which means different organizations approach towards knowing different thinking and perception level of the employees about their job (Rainey & Bozeman, 2000).

According to Lévy-Garboua, Montmarquette, and Simonnet (2007), employee satisfaction is "a directory of inclination for the practiced career against outside chance provisional on information accessible at time." Employee satisfaction serves as a measurement tool, which measures the general level of feelings of employees about the job and the workplace. Actually the definition of employee satisfaction has also been presented differently in different theories. For instance, Herzberg (1968) in his theory about motivation explained that factors leading to employee satisfaction are pretty much different from the factors leading to causes dissatisfaction in employees. For him, motivators are the factors, which create satisfaction among employees, while hygiene factors are the factors, which create dissatisfaction among employees.

Employee empowerment is deemed to be an element causing satisfaction in employees. It explains the degree of authority of the employees to make particular decisions in their routine jobs tasks. According to Hales and Klidas (1998), employee empowerment is related with sharing of the authority and

power with the subordinates. According to Cunningham, Hyman, and Baldry (1996), empowerment is the downgrading of decision making powers from the top level management to the lower level employees. Thomas and Velthouse (1990) explain that empowerment of the employees simply cannot be explained in a particular manner, rather the term is much broader and encompasses many aspects of employees' jobs.

As far as the impact of empowerment is concerned Porath, Spreitzer, Gibson, and Garnett (2012) believe that it results in institutional commitment, high performance, and better customer satisfaction (Chebat & Kollias, 2000). The distribution of authorities, shared administration, quality of job and prevalent Spreitzer (2008) is evident of employees' better participation in job duties, and thus in turn, it encourages to take independent decision making among the employees (Wilkinson, 1998). Thus, in employee empowerment a wave of confidence is spread among the bottom level of employees through shared administration (Michailova, 2002). However, in employee empowerment, there should also be a supervisor monitoring the activities of the employees (Humborstad, Humborstad, Whitfield, & Perry, 2008).

The level of satisfaction is affected with the level of pay and advantages and advancement framework. The organization must make arrangements for the fulfillment of representatives to accomplish hierarchical objective. The achievement of association extraordinarily obliged to the persuaded representatives who assume an imperative part in such manner. The workers can be invigorated through upgrade in pay, stipends and advancement (Paulsen, 2014). The remuneration is characterized as the compensation got by representative from manager against his administration. The prize is found as the most obvious variable of worker fulfillment. The chances of advancement in the association additionally impact the worker execution. It likewise expands the execution of worker. The additions allowed to the worker in his pay additionally demonstrate that the amount of this representative is essential for association. A worker ought to be granted motivations as per his/her capabilities for maintenance.

Previously there was a practice to raise the remuneration of the employees in order to increase their level of satisfaction (Golden & Wiens-Tuers, 2005). A survey conducted by Kathawala, Moore, and Elmuti (1990) revealed that major factor influencing the motivation and level of satisfaction of employees is the salary package in an automobile industry. However, promotion along with the increase in the salary package also count much in determining satisfaction of employees. Similarly, they play their role in attracting and

retaining employees.

Work environment incorporates the area of the work, where the worker performs his obligations and every day exercises, for example, office or site of development. By and large different components like, clamor level, outside air, refreshment and the impetuses e.g. youngster consideration, additionally turn into a piece of work environment. Moreover, work environment may have either positive or negative effect on the fulfillment level of representatives relying on the way of workplace (Edlin, 2007). The work space of the association is straightforwardly relative to the working results; the more it is helpful the better the result will be. Representative fulfillment assumes an essential part in the accomplishment of association. In the event that the physical workplace is great then the representatives will perform better. There are different parts of the physical environment fulfillment that contribute in worker's fulfillment. Analysts posed the question from the representatives that may incorporate that the amount you are fulfilled by your work space.

According to Carlopio and Gardner (1996), satisfaction with the workplace is positively related to the job satisfaction, and has an indirect connection with employees' commitment level and turnover intention. The quality of workplace environment, especially with respect to its physical structure and appearance, has a significant impact on employee perception, and job satisfaction level (Carlopio & Gardner, 1996).

In connection with the study, the turnover intention is considered to be the intention to leave an organization or its department and similarly, the retention intention is regarded as the intention to stay in the organization or department, an employee is currently working there (Kathawala et al., 1990). According to Ajzen and Fishbein (1977), the behavior of employees and their job satisfaction level count much while regulating the direction of their job future, i.e. they could think of leaving the organization or department, or decide to continue to be the part of the organization or department in future. Studies conducted recently revealed that higher level of employee satisfaction is negatively correlated with the turnover intention, and thus has a positive correlation with the retention intention (Trevor, 2001).

When employees are satisfied with their pay and promotion, workplace environment and the level of powers and authority of decision making given to them, they tend to have lower level of turnover intention (Clark, Kristensen, & Westergård-Nielsen, 2009). Consequently, the lack of these three elements cause lower level of employee satisfaction, and increase the turnover intention of employees in most of the cases (Peng, 2015).

2.1. Theoretical Model

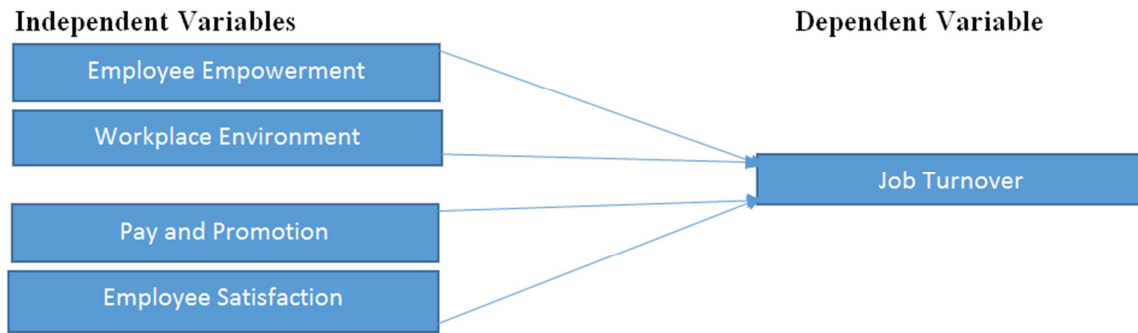


Figure 1. Theoretical model of the study.

2.2. Hypotheses

H₀₁ Employee empowerment does not have any impact on job turnover.

H₀₂ Workplace environment does not have any impact on job turnover.

H₀₃ Pay and promotion do not have any impact on job turnover.

H₀₄ Employee satisfaction does not have any impact on job turnover.

iv. Mann Whitney Test

v. Kruskal Wallis Test

3. Research Design

3.1. Population and Sample Size

Initially, a pilot study was conducted having 28 respondents. Then 220 respondents were surveyed from different banks, content writing agencies and teaching institutions. So, the responses were representing ideas of their relative industry.

3.2. Sampling Technique

Simple random sampling technique was used for collection of data.

3.3. Instrument Development

A questionnaire was adopted from the base article having 22 items. Responses were judged on a five points Likert scale, ranging from Strongly Agree to Strongly Disagree. These 22 items were grouped in 5 above discussed variables.

3.4. Data Analyses

Following analyses were run on the data collected through the questionnaire

- i. Correlation Analysis
- ii. Regression Analysis
- iii. One-Sample Kolmogorov Smirnov Test

4. Interpretation of Analyses

Table 1. Gender Distribution.

	Frequency	Percent
Female	16	7.3
Male	204	92.7
Total	220	100

Majority of the respondents were male.

Table 2. Mean and Median of Actual Salary.

	Actual Salary In Rupees
Mean	33599.0909
Median	24000.0000

There was more than 5% difference between mean and median of actual salary, so, non-parametric tests were applied by using SPSS software.

Table 3. Reliability Analysis.

Cronbach's Alpha	No of Items
.915	22

Variables	No. of Items	Cronbach's Alpha
Employee Empowerment	5	0.730
Pay & Promotion	2	0.817
Workplace Environment	8	0.709
Employee Satisfaction	3	0.731
Turnover Intention	4	0.713

Overall 91.5% reliability states that the questionnaire was well developed and it is meeting minimum criteria for basic research i-e: 80%.

Factor-wise reliability also states that the variables opted as dependent and independent are representing true essence of the study. The reliability also signifies that the responses were unbiased and represent true picture of population.

Table 4. Mann-Whitney Test.

Actual salary in rupees	
Mann-Whitney U	1422.500
Wilcoxon W	22332.500
Z	-.858
Asymp. Sig. (2-tailed)	.391

Grouping variable is gender.

As.391 >.05, there is no difference in the actual salary of male and female.

Table 5. Kruskal Wallis Test.

Actual salary in rupees	
Chi-Square	85.477
Df	10
Asymp. Sig.	.000

Grouping variable is designation of the respondents.

As.000 <.05, there is a relationship between actual salary and designation of the respondents.

Table 6. Kruskal Wallis Test.

Actual salary in rupees	
Chi-Square	54.374
Df	3
Asymp. Sig.	.000

Grouping variable is qualification of the respondents.

As.000 <.05, there is a relationship between actual salary and qualification of the respondents

Table 7. Regression Analysis.

Adjusted R Square	.501
ANOVA Sig.	.000

Adjusted R Square explains that 50.1% explained variation in the dependent variable is due to four independent variables.

As.000 <.05, we reject our null hypotheses i.e.

Employee empowerment has significant impact on job turnover.

Workplace environment has significant impact on job turnover.

Pay and promotion have significant impact on job turnover.

Employee satisfaction has significant impact on job turnover.

Table 8. Coefficients and Variance Inflation Factor of Variables.

Variables	Coefficients	VIF
(Constant)	-.744	
Workplace Environment	.396	1.553
Employee Satisfaction	.310	1.680
Pay & Promotion	.216	1.176
Employee Empowerment	.221	1.924

As VIF are less than 5, there is no issue of multi-collinearity in the data.

Table 9. Correlation Matrix.

	1	2	3	4	5
1 Employee Empowerment	1				
2 Pay & Promotion	.133*	1			
3 Workplace Environment	.525**	.346**	1		
4 Employee Satisfaction	.614**	.239**	.404**	1	
5 Turnover Intention	.516**	.437**	.584**	.518**	1

*Correlation is significant at the 0.05 level (2-tailed)

**Correlation is significant at the 0.01 level (2-tailed)

- i. Pay & Promotion has significant positive relationship with Employee Empowerment.
- ii. Workplace Environment has highly significant positive relationship with Employee Empowerment.
- iii. Employee Satisfaction has highly significant positive relationship with Employee Empowerment.
- iv. Turnover Intention has highly significant positive relationship with Employee Empowerment.
- v. Workplace Environment has highly significant positive relationship with Pay & Promotion.
- vi. Employee Satisfaction has highly significant positive relationship with Pay & Promotion.
- vii. Turnover Intention has highly significant positive relationship with Pay & Promotion.
- viii. Employee Satisfaction has highly significant positive relationship with Workplace Environment.
- ix. Turnover Intention has highly significant positive relationship with Workplace Environment.
- x. Turnover Intention has highly significant positive relationship with Employee Satisfaction.

5. Practical Implications

The practical importance of the study can never be ignored. In a practical and professional environment the employee satisfaction has an extreme effect on the organizations. In fact employees are the driven forces to any business. So the owner of firms and corporations can apply the study rules in their businesses to retain their employees. The study shows that the employee empowerment, pay and promotion and work place environment have significant positive relationship with employee satisfaction. The owners and executives can use the concept and results to enhance the satisfaction level among employees, thus they can reduce the turnover ratio in their firms. The owners and executives can use Employee Empowerment, Workplace environment and Pay and promotion as a tool to retain their employees because these elements directly have positive impact on the job satisfaction of employees. When the organizational employees are satisfied with their job environment, they will feel that they

have some power and authority, they will be more paid and promoted because of showing good performance. As a result, the retention level in the organization will increase.

6. Limitations

The study was conducted in Lahore city, thus due to limited locality the sample size was small. To ensure the relationship between employee satisfaction and turnover intention the sample size can be increased. The incremental sample size will generate more closer and accurate results. In the survey, major part of the data was collected from banks. Data could have been collected from other organizations as well to evaluate more accurate results. While collecting data, most of our respondents were lower level and middle level employees. Executives were targeted less for the collection of data. Finally, the female respondents were also very few.

7. Conclusion

Results of the study supported the literature i-e the four independent variables (Employee Satisfaction, Employee Empowerment, Workplace Environment and Pay and Promotion) have highly positive relationship with the dependent variable (Job Turnover). An instrument was developed having 22 items, which was surveyed from 220 respondents. SPSS software was used for analyzing the responses. Multiple Regression Model was used to test the hypotheses which was later on rejected. Other types of tests were also applied to judge the data, like Mann-Whitney test, Kruskal Wallis test etc.

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