

Impact of Job Satisfaction on Turnover Intention: A study of Executive Level Employees in two selected licensed specialized banks in Colombo District, Sri Lanka

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1. Introduction

Job satisfaction is a major factor that effect both employee and organizational performance. Because of that, many organizations are spending much time on employee satisfaction initiatives in an effort to reduce employee turnover intention. Prior research has shown that job satisfaction is strongly and inversely associated with employee's intention to leave an organization (MacIntosh & Doherty, 2010). In other words, more satisfied employees are less likely to seek a new job, with a new employer. The behaviour of employees who move from one organization to another can be an indication of employee dissatisfaction with the company and the lack of good relations between employees and management. On one hand, an organization can gain the competitive advantage due to retaining qualified, productive and loyal work force (Khan & Aleem, 2014). On the other hand, high turnover of employees in the organization increases the cost of hiring new workforce and decrease the productively. Therefore, if employee turnover is not managed properly it would affect the organization adversely. The purpose of the current paper is to examine a model of a job satisfaction-turnover intention relationship by focusing on several factors of satisfaction with pay, promotion and supervisory support in the context of two selected licensed specialized banks in Colombo District, Sri Lanka.

2. Problem of the Study

Job dissatisfaction has been found to be a strong and consistent predictor of intention to leave as well as turnover. For this reason, studying the factors associated with job satisfaction is practical and valuable. According to Weerasinghe, Senewirathne & Dedunu (2017), job satisfaction is a part of employee life satisfaction. The employee job satisfaction becomes one of the top priority issues in the banking industry. As a result of this situation less job satisfaction and also high turnover intention has become challenges for Human Recourse Managers to retain employees for long period and minimize the turnover in the organization. Therefore, it is essential to understand the impact of job satisfaction on the organizational turnover rate. Sri Lankan banking sector is one of the major economy's contributors that dominate the financial system of Sri Lanka. Banks make a convenient bridge between savers and borrowers and transferring money from surplus unit to deficit unit in an economy (Khan & Parveen, 2014). As a result, Banks expect to enhance the employee satisfaction, which is a key area of stakeholder's value creation process to create a beneficial environment for all (Panghal, 2013). Therefore, the research problem addressed under this study is "Does job satisfaction of executive level employees have an impact on turnover intention", with special reference to two selected licensed specialized banks in Colombo District, Sri Lanka.

As such, this study was carried out with the primary objective of understanding the impact of job satisfaction on turnover intention of bank employees. Secondly, this research tried to identify the impact of pay satisfaction, promotion satisfaction and supervisory satisfaction on turnover intention of the executive level employees of the selected to banks.

3. Literature Review and Hypotheses Development

Job Satisfaction

The considerations, beliefs and perception of people about their jobs are closely related to employee satisfaction, since employee satisfaction has a sentimental and pleasant condition that results in the achievement of work and a better practical experience. Employee satisfaction has been inconsistently read in organizations, which means that different organizations come to know the thinking and the level of perception of employees about their work (Aabdeen et al, 2016). According to Saeed et al (2014), when the work is valuable, employee will be happy and satisfied with their performance that is the job satisfaction. Most studies have shown that low staff absents were more satisfied with their work.

Turnover Intention

Employee turnover is a percentage judgment of the number of employees a firm must exchange in assumed period of time to the ordinary number of total personnel (Agnes, 1999). According to Sattar & Ahmed (2014) employee's turnover means the variation of labours around the labour market, between organizations, contracts and careers. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. Turnover intent has been defined as an individual's conscious and deliberate will fullness to depart from an organization (O'Connor, 2018). Staff turnover is a painful issue in organizations, in the world of tough competition, organizations try to minimize their turnover ratio and save its cost, and the cost of rotation consists of hiring, recruiting and selecting employees (Saeed et al, 2014).

The impact of Job Satisfaction on Turnover Intention

According to Khan & Aleem (2014), job satisfaction increases with better pay and fringe benefits and it decreases the turnover of the employees. Furthermore, Weerasinghe, Senawirathna & Dedunu (2017) found that employee salary has a positive impact on employees' job satisfaction in the banking industry in Sri Lanka. Voydanoff (1980) identified advancement opportunities as another significant variable affecting employee job satisfaction and he reported that the perceived lack of promotion opportunities had a significant negative effect on job satisfaction among federal white-collar workers. McNeill (2016) found that promotions lead to more satisfied employees and in fact, "Workers who believe a promotion is possible in the next two years also report higher job satisfaction." If there is little opportunity for advancement, employees will most likely feel negative toward their work and have low job satisfaction. In employee-supervisor relationship, it is of necessity that employees' personal strengths, uniqueness, and rights be treated as primary elements that reduce turnover (Ghosh & Sahney, 2010). Consequently, in the banking industry, the effective training of supervisors in managing employees has a direct correlation with the ultimate employees' job satisfaction and turnover (Kariuki, 2015). According to McNeill (2016), the employees were dissatisfied with supervision and non-participation in the decision-making process, these may influence their intention to leave the job.

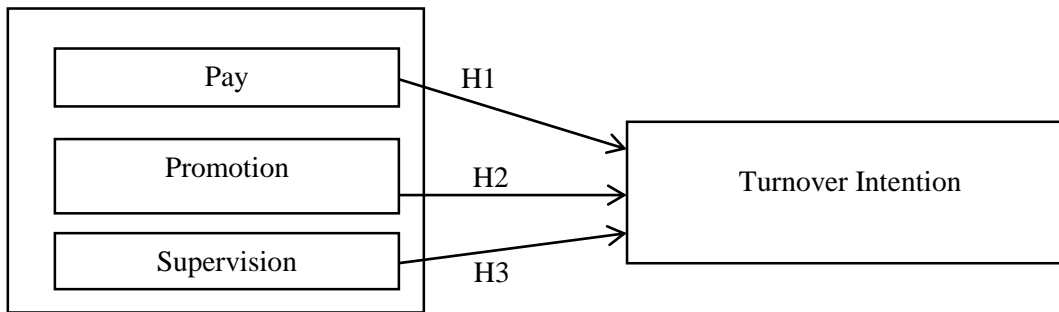
According to Saeed et al (2014) job satisfaction has a significantly negative association with turnover intention on consistent basis. Regarding the direct effect of job satisfaction on turnover intention, Price (1977) suggested that job satisfaction is the antecedent variable of turnover intention which shows a significant negative impact. Nazim (2008) investigated the level of job satisfaction and its impact on turnover intention. He concluded that employees were very much dissatisfied with promotion, moderately dissatisfied with pay, fringe benefits, and contingent rewards while moderately satisfied with operating condition, co-workers relations, nature of the work and communication. He also found that there was a significant negative relationship between turnover intention and pay and promotion followed by supervision, fringe benefits, contingent rewards, operating procedures, co-workers, nature of work, and communication. Based on the above facts four hypotheses were developed as follows.

Hypothesis 1 (H1): There is a negative impact of pay related job satisfaction on turnover intention.

Hypothesis 2 (H2): There is a negative impact of promotion related job satisfaction on turnover intention.

Hypothesis 3 (H3): There is a negative impact of supervision related job satisfaction on turnover intention

4. Conceptual framework



5. Method

Sample and Data collection

The population of the study consisted of all the employees who are working in both HDFC (Housing Development & Finance Corporation) and NSB (National Saving Bank) in Colombo District in Sri Lanka. Simple random sampling was used as the sampling method. The sample frame consisted of the valid full time employees currently working at the banks. In the NSB and HDFC banks in Sri Lanka 100 questionnaires were distributed and 90 were received back. The 90% response was received from the target sample.

Scale and validation

The independent variable of the research model was, job satisfaction (pay satisfaction, promotion and supervision satisfaction) which was measured using a scale consisting of 24 items framed by Abdulla, Djebarni & Mellahi (2011), Kariuki (2015), Kim (2009) and Hoshi (2014). Response to individual items was scaled according to a five-point Likert scale ranging from 1(strongly disagree) and 5 (strongly agree). Questionnaire from Ramadhani (2014) used in their research was used to measure the turnover intention of employees in their workplace using 07 items. Response to individual items was scaled according to a five-point Likert scale ranging from 1(strongly disagree) and 5 (strongly agree).

Reliability and Validity of the measurement

Internal consistency was ensured using Cronbach's α to measure the reliability coefficient of Pay satisfaction: 0.893, Promotion satisfaction: 0.886, Supervision satisfaction: 0.908 and Turnover intention: 0.940, all are greater than 0.7 indicating a good reliability of the data set. The content validity of the instruments was ensured by the conceptualization and operationalization of the variables on literature.

6. Data Analysis

Hypothesis 1 (H1): There is a negative impact of pay related job satisfaction on turnover intention.

According to Table 1, the Pearson Correlation Coefficient of pay satisfaction and turnover intention is -0.315 and the relationship is statistically significant ($p = 0.013$). According to the regression result in pay satisfaction, the b value of the equation, is -0.378, which is significant at 1% (significant =0.002). The R^2 0.599, indicates that 59.9% of the variation in the employee turnover intention by the variable. The F value is 19.704, which is significant at 1% ($p=0.002$). Therefore, according to the results of both tests, the H1 was accepted. Hence the data supported the hypothesis that there is a negative impact of employee pay satisfaction.

Hypothesis 2 (H2): There is a negative impact of promotion related job satisfaction on turnover intention.

The Pearson Correlation Coefficient of promotion satisfaction and turnover intention was -0.346 and the expected negative relationship was statistically significant as correlation is significant at 0.01 level (1-tailed). Regression results showed that R^2 is 0.520. F value was significant. This suggested that the

independent variable of promotion satisfaction had significantly explained 52 % of variation in the executive employee turnover intention. Based on the results of both tests, the H2 was accepted.

Hypothesis 3 (H3): There is a negative impact of supervision related job satisfaction on turnover intention

The Pearson Correlation Coefficient of supervision satisfaction and turnover intention was -0.334 and relationship was statistically significant as correlation is significant at 0.01 level (1- tailed). This indicated that there is a negative correlation between supervision satisfaction and Job Satisfaction. The R^2 is 0.511. The F value was 11.024, which was significantly at 1% ($p=0.001$). Therefore, according to the results of both tests, the H3 was accepted. Hence the data supported the hypothesis that there is a negative impact of employee supervision satisfaction on turnover intention at least in this study setting. Moreover, the the overall satisfaction and its significant impact on turnover intention also proved in this study setting ($b= -.345$, R^2 is 0.619, F value is 15.883 with 99% confidence level).

Table 1: The Relationship of Job Satisfaction with pay satisfaction, promotion satisfaction and supervision satisfaction.

	Pay satisfaction	Promotion satisfaction	Supervision satisfaction	Overall job satisfaction
Correlation	-.315**	-.346**	-.334**	-.345**
Sig. (1-tailed)	.013	.000	.001	.000

** . Correlation is significant at the 0.01 level (1-tailed).

Table 2. Simple regression analysis

Variables	Standardized Coefficients Beta	Sig	R^2	Std. Error of the Estimate	F change	Sig.
Pay satisfaction	-.315	0.023	.599	.39506	19.704	.002
Promotion satisfaction	-.346	0.031	.520	.38497	15.944	.001
Supervision satisfaction	-.334	0.042	.511	.38907	11.024	.031
Overall satisfaction	-.345	0.023	.619	.38524	15.883	.021
Dependent Variable: Turnover Intention						

7. Discussion

The impact of pay related job satisfaction on turnover intention (H1).

The results of the pay satisfaction showed a significant impact on changing turnover intention of executive level employees in selected banks in Sri Lanka. The pay package includes salary, incentive bonus, and etc. Therefore, it is recommended that the banks in this regard may have a clear-cut legislation related to pay packages policy of executives according to their academic qualification and banking experience. Essentially, the results support previous findings Judge, (2003) and Tekleab, Bartol and Liu, (2005). However, it is worthy to note that employee perception involved in judging fairness vary by pay component, and demographic condition as in Tekleab, Bartol and Liu, (2005).

The impact of promotion opportunities related job satisfaction on turnover intention (H2).

The promotion opportunities given by the banking sector in Sri Lanka may also decrease the turnover intention. It confirms previous research study in the topic with an empirical support as in Biswakarma (2016), De Gieter et. al (2012). Thus, responsible parties are requested to assign proper promotion opportunities to achieve executive level employee's career goal. That would make employee more satisfy with achieving their future targets. Hence, the management should give advancement opportunities and moral value to their employees and also ensure their job security to increase the executive level employees in banks.

The impact of supervisory support related job satisfaction on turnover intention (H3).

Further, findings indicated a negative association between supervisor support and turnover intention. Employees who believed that their supervisors cared about their well-being and valued their contributions showed decreased turnover intention as in Dowley et al (2010) and Maertz et al (2007). If banks could maintain better relationships between supervisors and executive level employees, job satisfaction could be effectively improved. However, there were inconsistencies reported regarding the strength of this relationship. The employees' perception of the nature of supervisory support in the form of respect, care, and recognition had direct impact on turnover intentions in line with Alshutwi (2017) and McGuire et al (2003). Because, supervisors who show high levels of supervisory support behaviour make employees feel understood, valued, and cared about. Supervisors delegate duties suited to employees' skills, ensure that actions are consistent with words, teach employees how to improve job performance, and, above all, show respect toward employees. Therefore, it was observed that supervisors' knowledge in guiding, decision making and human relation abilities has significant impact on executive level employees' intention to turnover. Supervisor support could influence employee decision to not leave their current positions. Therefore, it is recommended that the decision makers may assist to cope with the problems their executive level employees face during their work in the banks. As such this study revealed some important implications for organizations, especially line managers and HRM professionals.

8. Conclusion

Our results provide support for the general proposition that job satisfaction has negative effects on turnover intention in the case of the selected organizations in Sri Lanka. All three job satisfaction drivers of pay, promotion opportunities and supervisory support indicated a significant negative impact over turnover intention. This study thus contributes to confirm the existing literature on the impact of job satisfaction on turnover intention in general, as well as specifically in the context of bankers in Sri Lanka.

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