

# Job Satisfaction and Intention to Turnover: An Empirical Study of Trainee Team Members in a Leading Apparel Manufacturing Firm Operating in Sri Lanka

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## **Abstract**

Employee retention is a critical need for organizations to keep and grow productivity levels. An empirical study was carried in a leading apparel manufacturing firm by using 100 Trainee Team Members (TTMs). The objectives of the study were to describe the degrees of four dimensions of job satisfaction and the intention to turnover of the trainee team members of the selected leading apparel manufacturer operating in Sri Lanka, and to investigate whether job satisfaction impacts the intention to turnover significantly. A sample of 100 TTMs was selected randomly and the majority (41%) of the trainee team members have been working in this leading apparel manufacturing firm for more than two months. Further, most employees belong to the western province (54%). Descriptively it was found that the majority of the trainee team members in the company had marginally moderate levels of economic, security, social, and psychological satisfactions. However, the standard deviation was greater than 1 in all four variables indicating that the data dispersion from the mean value is considerably high. The hypothesis, i.e., there is a significant negative impact of job satisfaction on the intention to turnover, was substantiated. Two additional hypotheses based on intuition were formulated in order to investigate whether TTMs from Western province and TTMs from other provinces differ significantly by job satisfaction and the intention to turnover. The data analysis did not support the acceptance of these two hypotheses. Implications were discussed.

**Key Words:** Geographical Location, Intention to Turnover, Job Satisfaction, Trainee Team Member

## Introduction

The world has opened to the new millennium and, along with it, has opened a new age of extreme rivalry and ever-changing value equations. The fact that the organization has been changed from a formal assembly line development orientation to an emphasis on the information formation of each and every employee of the organization. Retaining the best employees or reducing their turnover becomes a key factor in every company, and it becomes a challenge in today's business. Employee retention can also be a must to achieve the anticipated performance of the company. Many studies have shown an oddly large effect of job satisfaction on the motivation of employees, while the level of motivation has an impact on efficiency and therefore also on the success of business organizations. Unfortunately, work satisfaction has not yet earned the right consideration from either academics or administrators of a number of business organizations (Javad and Davood, 2012). In addition, employee turnover is a major concern for the organization's competitive advantage as it will have an effect on the organization's performance, competitiveness and sustainability.

The Sri Lankan Annual Report of the Financial Institutions (2010) reported that the garment industry remained competitive through increased efficiency, improved quality, diversification and a gradual recovery of external demand. Kelegama (2005) stressed that the apparel industry in Sri Lanka has contributed to the livelihoods of nearly 1.2 million people. Dheerasinghe (2009) reported that this sector provides 330,000 direct jobs or 5% of the country's total employment. Dheerasinghe (2009) cited the lack of qualified labor and the high turnaround in labor as some of the most serious challenges facing the garment industry in Sri Lanka.

Alkandari and Hammad (2009) argued that the retention of human capital has been shown to be essential to the growth and achievement of the goals and objectives of the company. Mathis and Jackson (2006) found that turnover is a costly problem and further, argued that, the cost related to the labor turnover can be classified as separation cost, replacement cost, training cost, and hidden cost. Thus, the heavy cost ultimately causes to decrease the profitability and the productivity of the firm. So, the present study mainly focuses on the impact of job satisfaction on turnover intention of trainee team members in a leading apparel manufacturing firm operating in Sri Lanka.

The company-maintained records show that there is a specific pattern of turnover rates of trainee team members. When concerning the monthly turnover in each and every year the high turnover is recorded in each and every month by these trainee team members who have worked for the organization only for two- three months. The organization that the researcher has chosen for this study is facing a critical situation of employee turnovers to its maximum. The average recruitment ratio of the organization is 136 per month while the turnover ratio is 100-200 per month and 57% of them are trainee team members. So, there is a huge struggle in retaining employees and specially the newly hired team members whose employed time period is less than three months. This paper is aimed at measuring the degree of job satisfaction: one of the most crucial determinants of employees' intention to turnover, and

its impact on their intention to turnover. Thus, the problem statement is: *“what are the degrees of job satisfaction and the intention to turnover of the trainee team members of the selected leading apparel manufacturer operating in Sri Lanka and does job satisfaction impact the intention to turnover significantly?”*

### **Research Framework**

Research framework of this study mainly consists of three major variables which are Job satisfaction, intention to turnover and geographical location of the trainee team members. Job satisfaction is considered as the independent variable while the intention to turnover is the dependent variable when it comes to finding the impact of job satisfaction on intention to turnover. Here, four dimensions of the job satisfaction have been identified and they include economic satisfaction, security satisfaction, psychological satisfaction and social satisfaction.

Khatri, Budhwar, and Fern, (1999) have observed that there was a strong and negative relationship between work satisfaction and turnover, as unhappy workers are more likely to leave the company than satisfied employees. According to Khan and Aleem (2014), job satisfaction increases with better pay and fringe benefits and it decreases the turnover of the employees. Furthermore, 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 be less interested in 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 and Sahney, 2010).

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, Waseem, Sikander, and Rizwan (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 (1989) 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 highly dissatisfied with promotion schemes, moderately dissatisfied with pay scales, fringe benefits, and contingent rewards while moderately satisfied with operating condition, co-workers’ relationships, 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. Dheerasinghe (2009) pointed out that the Garment industry has an important place in Sri Lanka’s economy. It has become Sri Lanka’s largest export industry. But as Dheerasinghe (2009) pointed out the major problem the garment industry is facing is the problems in developing and maintaining the required manpower. Considering the previous research findings and ideas of scholars, the following hypothesis was formulated.

H1 – There is a significant negative impact of job satisfaction on the intention to turnover.

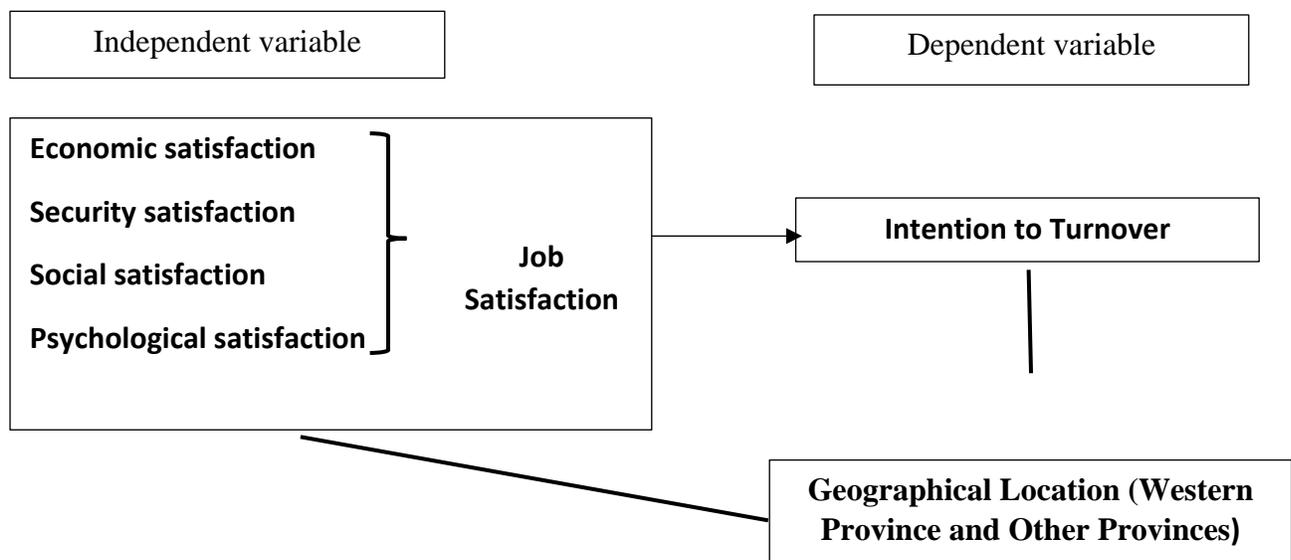
Further based on intuition following two hypotheses also were formulated.

H2 – There is a significant difference between trainee team members from western province and the team members from other provinces with regard to job satisfaction.

H3 – There is a significant difference between trainee team members from western province and the team members from other provinces with regard to intention to turnover.

Considering the above hypotheses, the conceptual framework (Figure 1) was developed.

**Figure 1. Conceptual Framework**



## Methodology

100 trainee team members of the leading apparel manufacturing firm operating in Sri Lanka were randomly chosen as the sample of the study. A questionnaire as the main data collection mechanism was distributed among the 100 sample. The questionnaire consisted of 29 questions including two separate sections as per the independent and dependent variable with the scale of five-point Likert scale: “Highly Satisfied, Satisfied, Neutral, Dissatisfied and Highly dissatisfied” for the independent variable and “Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree” for the dependent variable.

Blending the job satisfaction questionnaire developed by Opatha (2015), new instruments were developed by the researcher consisting of 29 questions which were used to measure the job satisfaction and the intention to turnover of trainee team members. According to Opatha (2015), job satisfaction consisted of four dimensions such as economic satisfaction, security

satisfaction, social satisfaction and psychological satisfaction. The questions used to measure the intention to turnover in this study were developed by the researcher. The instrument used to measure the intention to turnover in this study consisted of quitting, better career perspective and personal reasons as the dimensions of measuring the intention to turnover. Primary data were analyzed by using statistical data analysis package, SPSS (version 23.0) in order to test the validity, reliability, relationships and impacts. The Pearson correlation technique and linear regression analysis were used as data analysis techniques.

### Reliability and Validity

The inter item reliability of the instrument was examined with the Cronbach's Alpha test. The coefficients of the Cronbach's Alpha test for both instruments measuring job satisfaction and intention to turnover were 0.91 and 0.83 respectively. The Alpha value was greater than 0.7, meaning that internal reliability of the instrument is satisfactory (Kottawatta, 2014).

Content validity of the instrument was ensured by the conceptualization and operationalization of the variables based on literature and indirectly by the high internal consistency reliability of the instruments as denoted by Alphas (Kottawatta, 2014). As there were 19 items to test the job satisfaction (independent variable) and 10 items to test the intention to turnover (dependent variable) variable, it ensures that the measures include an adequate and representative set of items that would tap the concepts.

Face validity of the instrument is also ensured as every item in the instrument appears to measure what the test is intended to measure.

## Results

The study investigates the existing degrees of job satisfaction and the intention to turnover of trainee team members in a leading apparel manufacturing firm operating in Sri Lanka, which was ascertained by univariate analysis. Table 1 represents the results of univariate analysis.

**Table 1. Descriptive Statistics of the Dimensions of Job Satisfaction and the Intention to Turnover**

	Mean	Std. deviation
Economic satisfaction	2.7400	1.3563
Security satisfaction	2.8275	1.1735
Social satisfaction	2.6850	1.2606
Psychological satisfaction	2.8020	1.1255
Intention to turnover	3.8540	0.8771

Table 2 indicates that majority of the trainee team members in the company recorded marginally moderate level of job satisfaction. But here, the standard deviation is greater than 1 in all four variables indicating that the data dispersion from the mean value is considerably high.

The statistical data reveal (table 2) that relationship between economic satisfaction and intention to turnover is negative and significant while security satisfaction, social satisfaction and the psychological satisfaction have recorded the same negative and significant relationships with the intention to turnover.

**Table 2. Pearson Product – Moment Correlation Analysis**

		Turnover intention
Economic	Pearson Correlation	-.381**
	Sig. (2-tailed)	.000
Security	Pearson Correlation	-.364**
	Sig. (2-tailed)	.000
Social	Pearson Correlation	-.298**
	Sig. (2-tailed)	.003
Psychological	Pearson Correlation	-.310**
	Sig. (2-tailed)	.002
Turnover Intention	Pearson Correlation	1
	Sig. (2-tailed)	.000

The effect of the dependent variable on the independent variable of the research model is found through the linear regression analysis (Table 03, 04, 05).

**Table 3. Model Summary of Linear Regression Analysis**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.416 <sup>a</sup>	.173	.138	.81443
a. Predictors: (Constant), psychological, social, economic, security				

The outcome shows (Table 3) that the regression coefficient (R) of the job satisfaction related independent variable and the intention to turnover is 0.416 and the R Square is 0.173. It indicates that about 17.3 percent of the variance (R Square) in the turnover intention is explicated by job satisfaction.

**Table 4. ANOVA<sup>a</sup>**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.155	4	3.289	4.958	.001 <sup>b</sup>
	Residual	63.013	95	.663		
	Total	76.168	99			
a. Dependent Variable: turnover intention						
b. Predictors: (Constant), psychological, social, economic, security						

The p-value is below 0.05, which ensures that job satisfaction can be used to forecast the intention to turnover (refer to Table 4). In other words, the negative impact of job satisfaction on intention to turnover is statistically significant as the observed significance value is 0.001 which is less than 0.05.

**Table 5. Coefficients**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.978	.217		18.305	.000
	job satisfaction	-.260	.072	-.342	-3.605	.000
a. Dependent Variable: turnover intention						

According to the results shown in the Table 5, the  $\beta$  value for the job satisfaction is -0.342. It indicates that there is a negative impact of job satisfaction on intention to turnover. It can be further described as, if the job satisfaction increases by one unit, the intention to turnover will be decreased by -0.342. It is significant since the p value is 0.000 and it is less than 0.05. Hence it can be substantiated that there is a negative impact of job satisfaction on the intention to turnover of trainee team members in this leading apparel manufacturing firm operating in Sri Lanka.

### Testing Hypotheses

**Hypothesis 1 (H1):** *There is a significant negative impact of job satisfaction on the intention to turnover.*

According to the results of Pearson's Product Movement correlation analysis between job satisfaction and the intention to turnover of trainee team members of a leading apparel manufacturing firm operating in Sri Lanka, the correlation coefficient is -0.342, which is significant at 1% ( $p=0.000$ ). As per the results of regression analysis between the two variables the regression coefficient (b) is -0.342 which is significant at 1% (Sig. T = 0.000). Thus, based on the results of both tests, the null hypotheses are rejected, and the alternative hypothesis is accepted since  $r>0$ , and  $b>0$ . Therefore, the data support the formulated hypothesis that there is a significant negative impact of job satisfaction on the intention to turnover of trainee team members in this leading apparel manufacturing firm operating in Sri Lanka.

**Hypothesis 2 (H2):** *There is a significant difference between trainee team members from western province and the team members from other provinces with regard to job satisfaction.*

The independent sample T test was the appropriate statistical technique in testing the above hypothesis and the desired level of significance is 0.05 (95% confident level). The alternative hypothesis was a non-directional one, therefore two-tail test was applied. The result of the Independent Sample T Test is given in Table 6.

**Table 6. Group Statistics**

Group Statistics					
	Province	N	Mean	Std. Deviation	Std. Error Mean
job satisfaction	Western province	54	2.9883	1.20638	.16417
	Other provinces	46	2.5469	1.05289	.15524

According to the relevant descriptive statistics, i.e., the mean value, there is a difference between Trainee Teach Members (TTMs) from western province and the TTMs from the other provinces with regard to the degree of job satisfaction (Table 6).

**Table 7. Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Job satisfaction	Equal variances assumed	8.995	.003	1.932	98	.056	.44139	.22843	-.01191	.8947
	Equal variances not assumed			1.954	97.934	.054	.44139	.22594	-.00699	.8897

The result of the Independent Sample T Test shows that Levene's test for equality of variances is significant with  $F = 8.995$  (sig .003). As Norusis (2012) advocates, it means that the two populations' variances are not equal. Therefore, T Test for 'equal variances are not assumed' was considered. The T value for equal variances not assumed is 1.954 that was statistically insignificant at 95% confident level (sig = 0.054 is greater than 0.05). Since the t value is statistically insignificant, the relevant alternative hypothesis is rejected.

**Hypothesis 3 (H3):** *There is a significant difference between trainee team members from western province and the team members from other provinces with regard to intention to turnover.*

For group statistics, refer to Table 8.

**Table 8. Group Statistics**

Group Statistics					
	Province	N	Mean	Std. Deviation	Std. Error Mean
Turnover intention	Western province	54	3.3500	.67872	.09236
	Other provinces	46	3.1413	1.06115	.15646

According to the relevant descriptive statistics, i.e., the mean value, there is a difference between TTMs from western province and the TTMs from the other provinces with regard to

the intention to turnover. It suggests that the intention to turnover of the TTMs from western province is greater than the TTMs from other provinces. In order to find out whether this difference is statistically significant or not, Independent Sample T Test was used.

**Table 9. Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Intention to turnover	Equal variances assumed	11.066	.001	1.188	98	.236	.20870	.17563	-.13983	.5572
	Equal variances not assumed			1.149	74.180	.254	.20870	.18169	-.1331	.5707

The result of the Independent Sample T Test shows that Levene's test for equality of variances is significant with  $F = 11.066$  (sig .001). As Norusis (2012) advocates, it is not possible to accept the null hypothesis that the two populations' variances are equal. Therefore, T Test for 'equal variances are not assumed' was considered. The T value for equal variances not assumed is 1.149 which is statistically insignificant at 95% confident level (sig = 0.254 is greater than 0.05). Since the t value is statistically insignificant, the relevant alternative hypothesis is rejected.

## Discussion

Job satisfaction is a reliable and relevant predictor of intention to turnover. When employers engage in practices that support good working relationships and benefits, job satisfaction improves because workers tend to believe that the company is using their skills and appreciating their service and commitment. In return, higher job satisfaction generally results in lower levels of employee turnover. Further, this study is beneficial for the top management, employees, HR managers and other industries as a whole. Job satisfaction is inversely related to turnover intention and low turnover and it has been shown that job satisfaction increases organizational productivity and performance (Medina, 2012).

Under the inferential statistics of this study, it was found that there is a negative impact of job satisfaction on the intention to turnover of trainee team members in a leading apparel manufacturing firm operating in Sri Lanka. Even though the group statistics revealed that the mean of the intention to turnover for the TTMs from western province is greater than that of the intention to turnover for the TTMs from the other provinces, it is evident that there is no significant difference between trainee team members from western province and the trainee team members from other provinces with regard to the intention to turnover. The same was found for job satisfaction. Hence considering the geographical location or residential area of trainee team members the organization should give the priority when addressing the burning

issue of this leading apparel manufacturing company; high rate of turnover of trainee team members.

The results observed, suggested that the organization should look towards building a long-term relationship with the employees by rewarding the deserving employees and providing them with the compensation that is as par industry standards. Surveys should be conducted to understand what is most important to the employees and where the company is lacking in building a healthy relationship with its employees. Moreover, the findings of this research study are important for the top management and the HR department of this leading apparel manufacturing firm since these results guide them towards a solution for their burning issue; high rate of turnover of trainee team member. For an example, when considering economic satisfaction, the researcher has found from the analysis that majority of TTMs agreed that they do not receive a fair compensation and benefits from this apparel manufacturing firm. Likewise, the correlation has also proven a strong negative relationship of  $-.381$  between economic satisfaction and intention to turnover. According to the descriptive statistics, TTMs had marginally moderate levels of the four dimensions of the job satisfaction. Hence there is a possibility that at least some who are high performers become seriously dissatisfied with their jobs. Employee job dissatisfaction can lead to increase employee grievances, and grievances can produce considerable unfavorable consequences (Opatha, 1994; Akuratiyagamage and Opatha, 2004). As difficult as it is to pay competitive salaries when funds are low and budgets are tight, they should calculate the cost to replace employees. It can cost as much as 30% to 50% of a trainee team member's annual salary just to replace him or her. Hence focusing more on perks can make workplace stand out and boost employee morale whether it is paid time off for volunteering, occasional catered lunches or free snacks and coffee every day. Likewise, there is still room for this leading apparel manufacturing firm to improve their retention rate of trainee team members based on this study.

### **Conclusion**

The results of the study support the hypothesis that job satisfaction has a significant negative impact on turnover intention in the case of the selected leading apparel manufacturing firm operating in Sri Lanka. All four dimensions of job satisfaction: economic, security, social and psychological satisfaction 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 apparel industry in Sri Lanka. The paper is of a practical value too. There may be mediators such as organizational citizenship behaviour and life satisfaction which explain the negative relationship between job satisfaction and intention to turnover. There may be moderators such as need of work-family balance and need of starting an own business which impact to modify or cancel the established negative relationship between job satisfaction and intention to turnover. Attempts to do Investigating possible mediators and moderators provide opportunities for future research studies.

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