Factors Affecting the Job Satisfaction: Implications of Employee Loyalty and Employee Turnover

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Abstract

This study is focused to examine the impact of various factors (rewards, empowerment and clarity) on the job satisfaction, establishing relation with employee loyalty and employee turnover. The research is based on hypothesis-establishment, data collection via questionnaires and data evaluation by comprehensive regression analysis. The data was collected from hundred respondents, limited to various international institutions, such as The Islamia University of Bahawalpur, Pakistan, and Shanghai Jiao Tong University, China. The findings reveal that the job rewards and job clarity are positively related to the job satisfaction. The job clarity has more impact on the job satisfaction, while the job empowerment has the least or no impact. There is a negative relationship in employee’s turnover and job satisfaction. The employee loyalty increases as a result of job satisfaction which shows a positive relationship. Overall, the research tends to establish guidelines being useful for organizations in understanding the extent of job satisfaction.
Keywords: Job satisfaction, Job rewards, Job empowerment, Job clarity, Employee turnover, Employee loyalty,

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1. Introduction

For organizational development, human resource is the most important asset. Organizations now focus on making their human resource happy, however, managing the human resource is an art. On behalf of organization and management, it is indispensable to satisfy the human resource such that the target-oriented personal efforts can be demonstrated, thus maximizing the financial gains and avoiding the unpleasant consequences. Along with high employee-engagement (Geoffrey et al., 2019) in an organization, the other possible option to meet the aforementioned objectives is to ensure the job satisfaction (Kocman and Weber, 2016) which further establishes the working perception of employees particularly based on stabilized, committed and loyal plans. In general, job satisfaction is the most widely-researched area according to literature of organizational psychology behavior (Keungfai, 1996; George et al., 2008) and commitments (Al-aameri, 2000). It is also known as the extent of employee-job-likeness. Firstly, Hoppock introduced the concept of job satisfaction, i.e., it is the response of employee toward emotional and objective aspect of work environment. There are different factors which lead to job satisfaction, such as the promotion opportunities, salary enhancement, bonuses and friendly-relation with peers. Job satisfaction results in positive attitude toward work but today many elements, for example, rapid change of technology, new regulations and new communication trends are challenging for the organizations that tend to raise the stress on employees (Kwiecien-jagus et al., 2018). Experts and researchers have focused on identifying the factors that impact satisfaction of employees in their organizational environment (Igalens and Roussel, 1999). As the job is directly related to daily-life activities of employees (Ahsan et al., 2009), therefore the employers should take the useful measures regarding personnel satisfaction. On the other hand, job dissatisfaction results in cost increment through activities of recruitment, selection, training, reduction of organization growth and public disturbance due to untimely strikes (Padilla-velez, 1993). To realize the importance of job dissatisfaction, a case-study on Young Doctors Strike in Pakistan can be described: because of the mere contrast between the administration and young doctors regarding salaries and promotion policies, 60% of the country clinics and hospitals were shut down, the public suffered, the transportation stopped, and in particular 500 patients were reported to die (Kazmi, 2011). It helps conclude that satisfying the employees is one of the most important functions of management, and in its absence, crisis like sudden strikes may arise. Many factors, such as work motivation, management role, organizational environment, learning perception, timely rewards and other benefits have been investigated to explore the job satisfaction (Aziri, 2011). In order to attract, motivate and retain the most loyal employees, job satisfaction is thus essential which causes to control the cost through retention of work force as well as enhances the employee commitment and reduces the turnover (Reukauf, 2018).

2. Literature review

2.1. Job satisfaction

Multiple theories related to definition of job satisfaction have been proposed in the literature, for example, it is defined as a function of the extent to which the needs of an employee are fulfilled in a certain workplace (Togia et al., 2004). Indeed, job satisfaction within empirical studies is considered either as overall feeling or a set of attitudes about various aspects of
work (Spector, 1997), a pleasurable or positive emotional state originating from experiences (Locke, 1976), or an index of preference for an ongoing job against outside opportunities available at the same time (Le´vy-Garboua and Montmarquette, 2004). Comparing the physical experience of a job in the past and the mental experience regarding outside opportunities with future expectations is another route to evaluate the job satisfaction (Le´vy-Garboua et al., 2007). Factors creating job satisfaction as well as job dissatisfaction are highly significant to know the attitude of employees. According to motivation-hygiene theory (Herzberg, 1968), factors inducing job satisfaction are called motivators and include achievement, recognition, responsibility, advancement and work itself. Factors ensuing job dissatisfaction are called hygiene and include administrative policies, supervision, salary, interpersonal relations and working conditions (Petty et al., 2005). Therefore, motivation-hygiene perspective should be in a great agreement to accelerate job satisfaction. Keeping above perspectives ahead, we set the model of this study as shown in Figure 1.

![Figure 1](image)

**Figure 1.** The research model (left to right) relating the factors to the job satisfaction, leading to employee loyalty and turnover

2.2. Job rewards

Job rewards can be defined as the expectations which an employee can receive. These expectations may be related to monetary or non-monetary benefits which they will receive as compensation for their work. Previous studies also explain the strong relationship between the rewards and job satisfaction (Aziri, 2011). For example, Statt (2004) relates the contentment of employees to the reward they obtain. Robbins (2003) describes four basic factors which determine job satisfaction of an employee. The first fundamental factor is rewards in which the pays and promotions are involved that closely corresponds to the job satisfaction because when employees understand that they are being fairly treated in terms of rewards, the level of satisfaction increases as a result. The benefit program of an organization fulfills three basic purposes, firstly every employee has some basic physical and psychological needs and they work with more dedication if their needs are fulfilled. Secondly, the organizations provide these benefits to compete with other organizations on the same level. Thirdly, to sustain their employees because if other organizations provide more attractive rewards and benefit packages as compared to them, their own employees become dissatisfied and think about to transfer the organization. Survey and different other techniques are used in different countries to hit upon the perceptions and expectations of employees regarding their jobs. It's human nature that the people want to gain recognition or compensation...
whether in the form of monetary or non-monetary benefits. They become more productive and satisfied when they receive rewards for their efforts (Kinicki and Kreitner, 2003).

**Hypothesis 1:** There is a significant positive relationship between the rewards and job satisfaction of employees.

### 2.3. Job empowerment

Job empowerment is to motivate people for decision-making with minimum participation of senior management. In another view, empowerment is delegating or sharing of power, authority or responsibility in the organizational structure to those at lower levels of the organization (Handy, 1993). Briefly, job empowerment is giving the power to employees for decision making or it can be called management strategy for sharing decision making power. Derived from the total quality management, job empowerment was reported by quality-oriented professionals such as Deming and management visionaries, Peters and Waterman, who emphasized to push decision-making power to the lowest probable level. In general, empowerment has many advantages such as it results in increased productivity, greater employee interest, increased self-esteem and creativeness, higher quality products and services, better teamwork, improved speed and receptiveness, narrowed emotional impact of discomforting organizational changes and reorganization. Empowerment can create a competitive advantage for the entire company and also enhances the job satisfaction (Mushipe, 2011), motivation and the commitment (Worlein, 2010) by depicting that the employees are valued as well as trusted by the management. Job empowerment also results in employee commitment through greater satisfaction (Akbar et al., 2010).

**Hypothesis 2:** There is a significant positive relationship between job empowerment and job satisfaction.

### 2.4. Job clarity

Job clarity is the ease of dynamic context under which employees grasp the core responsibilities and fulfill the duties by understanding the work nature. Although it depends on the activeness of workers, providing more appropriate facilities with interactive and clear guidelines pave the ways in keeping the morale of workers high. Clearness in description of tasks, such as when and where the best role of an employee will start and end, is another way to ensure job satisfaction. Conversely, ambiguity in roles, tasks and responsibilities leads to ineffectiveness (Mikael and Sven, 2018) and may also affect the employee growth or the whole organization (Gil-garcia et al., 2019).

**Hypothesis 3:** There exists a significantly positive relationship between job clarity and job satisfaction.

### 2.5. Employee loyalty

Allen and Grisaffe (2001) state that loyalty is a psychological state which characterizes the relationship of an employee with the organization. Mathieu and Zajac (1990) portray the loyalty as an attachment to the organization that may be considered an emotional response especially when an employee strongly adheres to meet the organizational goals, follows the values and maintains the membership. Also, uplifting the assets and values of an organization with additional and long-term belief depicts the utmost loyalty of an employee (Becker et al., 1995). Thus, the willingness to continue being a member of an organization as well as to play
a positive role in progress of the organization are highly important pillars of the loyalty, and on the other hand, they are also closely related to job satisfaction. In other words, the deeper involvement of an employee with the organization shows the close relationship between job satisfaction and loyalty (Wu and Norman, 2006). The response of an employee towards particular features of a job builds the basis of satisfaction, while his response towards the whole organization leads to loyalty (Chen, 2006), i.e., job satisfaction helps grow the organizational loyalty (Fletcher and Williams, 1996). Conversely, low loyalty to organization creates the negative outcomes along with developing low morale in employees and high job turnover (Soler, 1998), i.e., receding from jobs and seeking new jobs. According to Kim et al., (2005), the most satisfied employees represent a greater organizational loyalty than dissatisfied employees, and other researchers such as Fisher (2000) and Locke (1976) have also found the similar results (Petty et al., 2005).

**Hypothesis 4:** There is a significant relationship between job satisfaction and employee loyalty.

### 2.6. Employee turnover

Turnover is the movement of members across the boundaries of an organization (Rice et al., 1977). Turnover is an important implication for organizational planners while making any decision about organizational manpower because it negatively affects the organizational performance and creates hurdles in the accomplishment of organizational goals (Fang, 2001). Therefore, the organizational planners must know the reasons, which persuade the employees to leave the organization because when they know the reasons, they can take corrective actions to stop this turnover. Turnover is not directly measurable, rather it can be measured through turnover intention. Recent research (Chen, 2008) proves that there is a strong negative association between job satisfaction and turnover. Tett and Meyer (1993) found job satisfaction and intention to leave are strongly and negatively correlated with each other. Lam et al (2001) shows that if job satisfaction of employee is high, their intention to leave the job becomes low.

**Hypothesis 5:** There is a significant negative relationship between the job satisfaction and the employee turnover.

### 3. Research methodology

#### 3.1. Sample data

Data gathered by distributing the questionnaires to employees of The Islamia University of Bahawalpur, Pakistan, and Shanghai Jiao Tong University, China. At the time of distributing questionnaires, all the questions were explained to respondents and informed them that the purpose of this study is truly based on research. A sample of 100 employees were selected and their responses were taken to collect primary data in order to identify above mentioned factors which contribute in job satisfaction. Convenience sampling technique (a non-probability technique) is used in this paper to collect important and relevant data from respondents. A large number of respondents were selected in order to increase the confidence level in survey results. A sample size is considered to be good enough if there is 95% confidence level which means that there is only 5% chance that the results will deviate
from actual results (Niles, 2006). Mostly researchers used only 5% error of margin and we also used the same margin in our research.

Information on demographics and personal data such as gender, income, age, education level and employment status are given in the Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>73</td>
<td>73%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>27</td>
<td>27%</td>
</tr>
<tr>
<td>Age (Years)</td>
<td>20-25</td>
<td>19</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>25-30</td>
<td>23</td>
<td>23%</td>
</tr>
<tr>
<td></td>
<td>30-35</td>
<td>21</td>
<td>21%</td>
</tr>
<tr>
<td></td>
<td>35-40</td>
<td>12</td>
<td>12%</td>
</tr>
<tr>
<td></td>
<td>&gt;40</td>
<td>25</td>
<td>25%</td>
</tr>
<tr>
<td>Income (PKR)</td>
<td>&lt;15000</td>
<td>18</td>
<td>18%</td>
</tr>
<tr>
<td></td>
<td>15000-2500</td>
<td>36</td>
<td>36%</td>
</tr>
<tr>
<td></td>
<td>25000-3500</td>
<td>26</td>
<td>26%</td>
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<td></td>
<td>35000-4500</td>
<td>7</td>
<td>7%</td>
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<td></td>
<td>45000-5500</td>
<td>6</td>
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<td></td>
<td>&gt;55000</td>
<td>7</td>
<td>7%</td>
</tr>
<tr>
<td>Education</td>
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<td>10%</td>
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<tr>
<td></td>
<td>Intermediate</td>
<td>15</td>
<td>15%</td>
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<tr>
<td></td>
<td>Bachelor</td>
<td>36</td>
<td>36%</td>
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<tr>
<td></td>
<td>Master</td>
<td>24</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>M. Phil</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>Employment status</td>
<td>Public</td>
<td>80</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Private</td>
<td>20</td>
<td>20%</td>
</tr>
</tbody>
</table>

3.2. Research instrument and measurement

The adopted instrument in this study fulfills two main purposes: firstly, it examines the relationship of different variables with job satisfaction; secondly, it gathers the basic information of our sample respondents. There are two sections of survey instrument. Section 1 contains the basic information of respondents, i.e., gender, age, income, education, status. Second section contains the different variables which are integral part of this study, i.e., job reward, job empowerment, job clarity, employee loyalty and employee turnover. These variables are developed based on the past literature. The scales used in this study are also adopted from the previous studies. 100 questionnaires were distributed and exactly 100 were taken back from respondents after completion. The response rate from all the respondents was high, meaning that no incomplete or invalid questionnaires were returned. After completing 100 questionnaires, we coded and entered these responses into SPSS-17.0 (Statistical Package for the Social Sciences) for further analysis.
4. Results and discussion

This research is descriptive in nature. As-presented hypotheses are taken into consideration, explaining the under-lying situation and helping the reader to understand the current scenario through valuable outputs discussed henceforth. The reliability for the instrument has been estimated through Cronbach Alpha and the results are shown in Table 2. It signifies the good internal consistency based on Cronbach Alpha that is higher than 0.50 (Anjum and Ghose, 2019).

Table 2. Reliability of measurements

<table>
<thead>
<tr>
<th>Scales</th>
<th>Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job rewards</td>
<td>4</td>
<td>0.79</td>
</tr>
<tr>
<td>Job clarity</td>
<td>3</td>
<td>0.55</td>
</tr>
<tr>
<td>Job empowerment</td>
<td>4</td>
<td>0.79</td>
</tr>
<tr>
<td>Employee loyalty</td>
<td>6</td>
<td>0.80</td>
</tr>
<tr>
<td>Employee turnover</td>
<td>3</td>
<td>0.91</td>
</tr>
</tbody>
</table>

The relationship among the job factors, employee loyalty and employee turnover has been interpreted through slope of regression line (β) and probability (P) values as shown in Table 3.

Table 3. Testing of hypothesis via regression analysis and the corresponding results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Model variables</th>
<th>B</th>
<th>Standard Error</th>
<th>P</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Job rewards</td>
<td>0.31</td>
<td>0.06</td>
<td>0.002</td>
<td>Supported</td>
</tr>
<tr>
<td>2</td>
<td>Job empowerment</td>
<td>0.11</td>
<td>0.07</td>
<td>0.145</td>
<td>Not supported</td>
</tr>
<tr>
<td>3</td>
<td>Job clarity</td>
<td>0.51</td>
<td>0.08</td>
<td>0.001</td>
<td>Supported</td>
</tr>
<tr>
<td>4</td>
<td>Employee loyalty</td>
<td>0.57</td>
<td>0.08</td>
<td>0.004</td>
<td>Supported</td>
</tr>
<tr>
<td>5</td>
<td>Employee turnover</td>
<td>-0.50</td>
<td>0.14</td>
<td>0.003</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Referring to Table 3, it is found that job rewards contribute more than 30% to job satisfaction, depicting a significant positive relationship with job satisfaction based on β=0.31 and P<0.01. While, job empowerment has no significant relationship with job satisfaction as β is 0.11 and P>0.05. This shows job empowerment has about 11% impact on job satisfaction of employees. Finally, it is found that job clarity contributes more than 51% to job satisfaction, establishing a significant positive relationship between job clarity and job satisfaction as β is 0.51 and P<0.01.

Depending on the positive trend of job rewards, empowerment and clarity as discussed above, job satisfaction is ensured. It further clarifies the importance of employee loyalty and employee turnover. It can be seen that job satisfaction eventually leads to more than 57% to loyalty of employees, depicting a significant positive relationship as β comes out to be 0.57.
and $P<0.01$. After the employee loyalty is maintained, the employee turnover goes down, which finds reasoning based on $\beta=-0.50$ and $P<0.01$. In other words, it clearly verifies that if employees are satisfied with their jobs, there are more than 50% chances that they will not leave the organization.

An extensive number of empirical studies have focused on the various variables affecting the job satisfaction, however little attention has been given regarding the effects of job rewards, clarity and empowerment on job satisfaction. Employees are motivated with the rewards and benefits, i.e., the employees having more reward opportunities are more satisfied with their jobs. The employees who are having more opportunities to be involved in decision-making or having more job empowerment seem to be more attached, but its impact on job satisfaction is usually little. If employees are having a clear job description and a clear understanding of their duties, responsibilities and requirements, it result in effective growth of an organization that can retain the employees for longer periods. The employees, who are satisfied from their jobs and organization, have more tendencies to be loyal. So, the employee loyalty can only be seen in the satisfied employees, and conversely, the employees who are not satisfied may not be loyal and would be willing to leave the job at the first opportunity they avail outside. Indeed, the employees who are loyal with the jobs, they tend to show personal concern and attachment towards work and organization, which is however only possible when they are satisfied. In short, job satisfaction results in job loyalty. As a consequence, low employee turnover tendency is seen when job-related factors are all positively met.

Although the results show a positive relation with job satisfaction and find a good agreement (in terms of probability values) with literature (Kvist et al., 2012), we believe that the level of satisfaction (either high or low) is still dependent on the particular places (Partelow et al., 2020), workplace characteristics (Mumford et al., 2019) and the job ranks (Troesch et al., 2017) This comparison will pave the ways to broaden the study on job satisfaction perspectives.

6. Conclusion

The job satisfaction is the combination of multiple factors. Results showed that job rewards, empowerment and clarity have positive impacts on job satisfaction. As long as the job satisfaction is ensured, employee loyalty is significantly enhanced that, in turn, lower down the employee turnover. It is therefore concluded that the well-being and effectiveness of an organization is related to its policies that have a direct influence on employees. As expected, the empirical findings of this research depicted that job satisfaction is a significant determinant of employee intentions whether they would leave the organization or not, i.e., if the frontline employees are dissatisfied with respect to certain job-related factors, they are likely to display high level of turnover intentions.

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