

# Assessment of The Relationship Between Job Satisfaction and Intention to Turn Over at Sheba Leather Industry P.L.C

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**Abstract:** The present study attempts to examine the relationship between job satisfaction and turnover intentions at Sheba leather industry. Utilizing the convenience sampling, a total of 270 employees were taken as samples with 94.81% retrieval rate. Data were collected using questionnaires. Based on the data collected, analysis was made with the use of frequencies and percentages, mean and standard deviation for determining the demographic profile of respondents and impacts of the job satisfaction factors on employee job satisfaction. Correlation and regression analysis were applied in determining the significant relationships of the job satisfaction factors and employee job satisfaction as well as the relationship between job satisfaction and employee turnover. The results showed a significant negative correlation between job satisfaction and turnover intentions. This signifies that higher the job satisfaction, lower is the intent of a person to quit the job. Furthermore, comparative analysis was also done in order to measure the significance of the difference between the mean scores of two groups of employees (lower level and higher level). The results revealed that the two groups of employees do not differ significantly on the measures of job satisfaction and turnover intentions.

**Keywords:** Job satisfaction, turnover, employee, negative correlation, convenience sampling

## 1. INTRODUCTION

In every organization the human resources are considered as the main organizational source (Schroeder, 2012). Today, it became a huge challenge for human resource managers to retain the employees for longer time of period and decrease the rate of employee turnover. Increasing the rate of employee turnover will result in increasing the cost of recruitment accordingly. And also, the organizational efficiency and productivity will decrease. Therefore, it is essential to study the relation between employee turnover and job satisfaction (Sowmaya and Panchanatham, 2011).

What makes an employee's leave or intend to leave are always become the big question for any company. Several studies have examined job satisfaction as an antecedent of turnover intentions (Mobley et al., 1979; Hellman, 1997). Employee turnover is a rotation of individuals around the labour market; it could be between companies, states of unemployment and employment, and between occupations and jobs (Maffia and Tumwesigye, 2010).

A great concern that many organizations, turnover increases cost of the organization particularly in job with minimum wages. There are several factors influence the rate of

turnover of an organization, and these factors could be from employees and employer. These factors could be compensation, benefits, wages, and job analysis and so on. According to Dunnette and Locke (Dunnette and Locke, 1976), in case of turnover, it causes indirect and direct expenses to an organization, which compromises the cost of human resource, training, advertising, retention and loss of productivity.

Job satisfaction may be defined as pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Dunnette and Locke, 1976). This positive feeling results from the perception of one's job as fulfilling or allowing the fulfilment of one's important job values, provided these values are compatible with one's needs (Dunnette and Locke, 1976). Given that those values refer to what one desires or seeks to attain (Andres and Grayson, 2002). Job satisfaction can be considered as reflecting a person's value judgment regarding work-related rewards. Job satisfaction can be defined as the pleasurable emotional state resulting from the achievement of one's job values in the work situation (Andres and Grayson, 2002).

Many factors are related to job satisfaction for instance, social relationships, job analysis, employee training, desires and needs, recruitment and selection, orientation, working conditions, development and quality of management (Andres and Grayson, 2002). Many studies proved a positive relation between individual intention and leaving behaviour. Usually, it is considered that employee turnover intention and job

satisfaction are inversely associated. The primary objective of this research is to examine the relationship between job satisfaction and intention to turn over employees of Sheba leather industry PLC so as to identify the major causes behind the frequent experienced employee turnover and to provide positive suggestions in order to reduce turnover, increase job satisfaction and retain competent employees.

Sheba leather industry private limited company is located on the northern part of Ethiopia, Tigray region, Wukro Wereda around 825 km far apart from Addis Ababa. It was established in 1993 G.C in accordance with the commercial code of Ethiopia with paid-up capital of 118 million Birr under Endowment Fund for Rehabilitation of Tigray (EFFORT) and it has total production area of 12,000m<sup>2</sup> land. The Company has integrated finished leather and shoe business units. It started its operations in 2004 G.C. Currently; the company has created job opportunities for more than 1,149 employees. The factory has production capacity of more than 1720ft<sup>2</sup> finished skins and hides, 3000pcs of shoes and 400pcs of hand bag per day.

Employee turnover is frequent and it is becoming a series problem at Sheba leather industry private limited company. Table 1 shows terminated-employee rate at the organizations from 2013 to 2018 G.C.

**Table 1: Terminated employee rate at Sheba Leather Industry from 2013-2018**

Year (G.C.)	Average Employed	Terminated	Rate of Turnover%
2013	290	76	26.2069
2014	250	72	28.8
2015	260	80	30.76923
2016	242	86	33.05785
2017	305	108	34.7541
2018	310	116	36.77419

*Source: HRD Report of Sheba leather industry p.l.c 2013- 2018G.C*

## 2. MATERIALS AND METHODS

The purpose of this research is to investigate the impact of job satisfaction on employee turnover in Sheba leather industry P.L.C. 270 structured questionnaires were distributed through a control environment and 247 return back complete. That yields 91.48% of the respondents' size. The subjects were the executives and non-executives of company employee. Random sampling technique was used to distribute set of questionnaires (Smith et al., 1969; Nasurdin et al., 2003), where all employees had equal chances of being selected for the sample.

The questionnaires were divided into four main parts. The first and the second part measured the respondent's working condition, supervision, co-workers, as well as work value in the second part. A five-point Likert scale was used to indicate the respondent's answers (1-Strongly Disagree; 2-Disagree; 3-Neither Agree nor Disagree; 4-Agree; 5- Strongly Agree). The third part were used as an indicator of measurements to measure the respondent's intention to leave which use multiple-choice that suits the best

decision they will make representing their intention in the organization. The fourth part of the questionnaire was regarding the respondent's demographic background, which include gender, age, marital status, department, position and education.

Using the Statistical Package for Social Science Version 12.0 for Windows, we process the data collected from the respondents and several tests were carried out to test the variables. In addition, correlation analyses on the three variables were also obtained to identify the most relevant and significant relationship among the variables.

### 2.1. Sampling Size and Target Population

A random sampling technique was used, where all employees had equal chances of being selected for the population. The study was carried out in all departments of Sheba leather industry private limited company. The researcher distributed 270 questionnaires, out of which only 256 questionnaires were received and from 256 questionnaires only 247 questionnaires were completed properly.

### Hypotheses

**H1:** There is a negative relationship between job satisfaction factors and turnover intention of Sheba leather industry.

**H2:** There is a positive relationship between job satisfaction and turnover intention of Sheba leather industry.

## 2.2. INSTRUMENTS

The questionnaire is structured in the form of multiple-choice questions. The participants were asked to rate how strongly they agree on each item on a five-point Likert order scale. The questionnaire was designed and adapted from (Olusegun, 2013).

## 3. RESULTS AND DISCUSSION

The statistical analyses were computed using SPSS version 12.0 for Windows. The results are discussed in the subsequent parts of this section.

Table 2 explains the background of the respondents. 56.68% respondents were female and 52.22% were in the group of 18-24 that represents the majority of the employees are in the active, energetic and productive groups which is good if the company can properly utilize this productive workforce. 36.8% of the respondent were under age group of 26-36 and 10.39% were above 37 years. 63.15% of the respondents were single. Job tenure showed that 38.45% of the employees have less than two years of experience, and 78.13 % respondents were non executives. On the other hand, 21.86% of employees are at the executive level. This implies that the majority of the employees are ambitious group to get higher positions.

Finally, the employees were divided into four groups; Certificate level (high school level)

60.32%, diploma level 21.05%, first degree 17.4% and second degree (Master's degree) 1.2%.

Reliability analyses were conducted for job satisfaction and turnover intention scales. Cronbach alpha scores of three measures were ranged between 0.80 and 0.97. The means, standard deviations and reliability coefficients for each variable are given in Table 3.

According to Table 4 there is a significant and negative relationship between turnover intention and external job satisfaction ( $\beta = -0.127$ ,  $t = -8.061$  and  $p = 0.000 < 0.05$ ). Also, there is a significant and negative relationship between turnover intention and external job satisfaction ( $\beta = -0.248$ ,  $t = -4.195$  and  $p = 0.000 < 0.05$ ).  $R^2$  value is 0.650 which means 65.0% of the variation can significantly be explained by the independent variable.

### The Relationship between Turnover Intention and Job Satisfaction

H1 argues that there's a negative relationship between job satisfaction and turnover intention. Multiple regressions are used to analyse the hypothesis. Table 1 depicts the Means, standard deviations and reliability coefficients value of the company internal and external staff members job satisfaction and employers turn over intention.

**Table 2: Respondents' background**

<b>Variables</b>	<b>Category</b>	<b>Respondents</b>	<b>Percentage (%)</b>
Gender	Male	139	43.72
	Female	108	56.27
	<b>Total</b>		100
Age	18-25 Age	129	52.22
	26-36 Age	91	36.8
	> 37 Age	27	10.39
	<b>Total</b>		100
Marital Status	Single	156	63.15
	Married	91	36.8
	<b>Total</b>		100
Job tenure	<2 Year	95	38.46
	3-5 Years	66	26.72
	Above 5 Years	86	34.82
	<b>Total</b>		100
Income Level	<2000 Birr	127	51.4
	2001-5000 Birr	57	23.07
	5001-10000 Birr	44	17.8
	10001-20000 Birr	19	7.68
	<b>Total</b>		100
Education	Certificate level	149	60.32
	Diploma	52	21.05
	First Degree	43	17.4
	>degree	3	1.2
	<b>Total</b>		100
Position	Managers	54	21.86
	None Managers	193	78.13
	<b>Total</b>		100

Correlation analysis was used to state the relationship between the variables. Correlation matrix was recalculated with the subscales found after the factor analyses and other scales.

H1 stating that there is a negative relationship between job satisfaction and turnover intention was confirmed by regression analysis. A decrease in the level of job

satisfaction would lead to an increase in the level of turnover intention. This conclusion is supported by previous literature examples, either that they indicate job satisfaction to be one of the several factors determining someone's intention to quit the organization (Mobely et al., 1979). The results showed that there is a significant and negative

relationship between internal - external job satisfaction and turnover intention.

The statistical results obtained in this study showed that both forms of job satisfaction (intrinsic and extrinsic satisfaction) had inverse relationship on employees' turnover intentions. This result is consistent with those of previous researchers (Olusegun, 2013; Tumwesigye, 2010; Holtom et al., 2008).

**Table 3: Means, standard deviations and reliability coefficients of job satisfaction turn over intention scale**

Scale	Mean	Std. Dev	Cronbach $\alpha$
Internal Job Satisfaction	3.46	1.25	0.900
External Job Satisfaction	4.03	1.10	0.920
Turnover Intention	2.66	1.58	0.931

This study is considered to be important both to employers and the employees. To sum up, if an employer needs a highly motivated, innovative and productive human resource, the importance of job satisfaction and organizational commitment should not be forgotten. It is obvious that high job satisfaction factors will minimize turnover intention and actual turnover. Every employee has different kinds of needs and expectations and it is impossible to satisfy all, however the dissatisfaction can be minimized. Both employee and employer should try to generate a working condition that they will work in a happy, motivated and productive atmosphere to reach the desired goals.

**Table 4: Regression analysis between intention to turnover and job satisfaction**

Predictors	Turnover Intention		
	<i>B</i>	<i>t</i>	<i>p</i>
Internal Job Satisfaction	-0.127	-8.061	0.00
External Job Satisfaction	-0.248	-4.195	0.00
R <sup>2</sup>	0.650		
Adjusted R <sup>2</sup>	0.655		
F value	16.842		

#### 4. CONCLUSIONS

This study has discussed about the relationship between job satisfaction factors and turnover intention in a Sheba leather industry. According to the research findings, the following conclusions have been made. Job satisfaction has significant influence on turnover intention of the participants. The outcome of this research could be used as useful administrative tools that might further improve the leather industries' effectiveness and efficiency. This study showed that the higher the employees' job satisfaction, the less likely they are to express the intention to quit their job. Statistical analysis of the data collected from a sample of 247 managers and non-manager employees revealed that both components of job satisfaction had a negative impact on turnover intention. Based on the findings, internal (intrinsic) satisfaction, however, had a stronger influence on intentions to leave in the organization. The findings have proved that there are external (extrinsic) values that influence the turnover intention within the organization.

Since extrinsic satisfaction is found to have less influence with negative relationship on turnover intention, which means, if the intrinsic values were fulfilled, the turnover



rate among the employees would be low compared with extrinsic values, which are not fulfilled by the management. Based on this study here are five recommendations suggested to be adopted in the company;

- i. Learn about jobs that are most likely to meet employee expectations.
- ii. Do not allow employees job dissatisfactions to go unresolved for long.
- iii. Overall job satisfaction is a trade-off: educate employees and remind them that they should not expect 100% satisfaction or 0% dissatisfaction.
- iv. Telling the employee to look separately at the kind of work they are doing versus the conditions of work (pay, supervisor, co-workers, company and physical working conditions).
- v. Encourage employees to look the road at their possible career progress.

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