

## **Effect of Job Satisfaction on Turnover Intention: An Empirical Investigation on Nigerian Banking Industry**

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### **Abstract**

Extant literature revealed that job satisfaction has negative effect on employee turnover intention. Despite loss of job satisfaction and high turnover intention among many bank employees in Nigeria very little attention was devoted to examining the negative effect of job satisfaction on turnover intention in the industry. Drawing from 192 employees from 5 banks this study analyzes the effect of job satisfaction on turnover intention In Nigerian banking industry. Results of regression analysis revealed that there is significant negative relationship between job satisfaction and employee turnover intention in the Nigerian banking industry. Findings and implications were also discussed.

**Keywords:** Job satisfaction, Turnover intention, Nigerian banking industry

### **INTRODUCTION**

Nigerian banking industry has undergone remarkable changes in terms of the structure, ownership and mode of operation driven by recapitalization and consolidation reform programme which took place in the year 2005. However, as more organizations are turning to merger and acquisition based on recapitalization of their sector, most of the organizations that that merged to achieve the competitive challenges usually fail to reach their intended objectives because merging organizations typically overlook the importance of human resource strategy (Anifowese, et.al 2011). In most cases employees were treated as canon folders whom are always at the receiving end of poor management decisions (Nwude, 2012). These led to career stunting, employee turnover, high rate of turnover intention, increased use of non-standardized workers job outsourcing, and inadequate training intervention, (Nwude, 2012).

Moreover, the issue of extensive marketing targets at the expense of managerial and leadership skills has also become prevalent, (Balogun, Adetula & Olowodunoye, 2013). The combined effects of these challenges result in psychological and emotional trauma among employees thereby weaken their commitment and job satisfaction leading to high rate of employee turnover intention

which is capable of scuttling and undermining the potentials of the reform program and render the job unsecured (Okafor, 2013). This further indicate that employee strategy has consistently encountered conflict in justifying its position within organizations because in times of boom i.e. large sales and profit, organizations usually justify the expenditure on employee while in times of difficulties human resource fall prey to the earliest cutbacks (Drucker, 1954; Stewart, 1996).

The utilization of employee strategy (internal resource) has been argued to be a source of sustainable competitive advantage which is difficult to imitate (Barney, 1991; Barney & Wright, 1998; Kraijenbrink, 2011). This is attributed to the vital role played by employees in attaining organization's strategic objective. Hence, it is important for organizations to look at employee issues before implementing any strategic response (Kumar, 2012). This is so because employees are important resource that carryout the task in organization and they are closer to the point of implementation of organizational strategy hence their attitude matter in achieving organizational success. More specifically, proper utilization of organizations internal resources, particularly employee has been reported to enhance organizations outcome (DenHartog, Verburg, and Croon, 2013). However, to date the examination of employee attitude in the Nigerian banking industry remains scanty. Furthermore, among the major employee related challenges in the industry is the resultant job insecurity (Ajani & Adisa, 2015), loss of job commitment and decline in employee job satisfaction which led to turnover intention among the employees (Okafor, 2013). This paper investigates the effect of job satisfaction, employee turnover intention on commitment of employees in Nigerian Banking industry.

### Employee Turnover Intention

Employee turnover intention was reported to be a conscious, purposeful, deliberate and willingness to discontinue one's present employment (Tett & Meyer, 1993). It is thinking about quitting one's present occupation and it is the best indicator of real turnover behavior. Different reasons have been advanced to be the motives behind turnover intention. For instance Lee & Bruvold, (2003) concluded that investment in employee is adversely connected with turnover intention. Furthermore, absence of chances for career advancement has additionally been pointed out as one of the essential elements influencing employee retention in the organization, (Kim, Egan, Kim, & Kim, 2013; Yamamoto, 2011; Yang, Wan, & Fu, 2012). Therefore, organization that wishes to reinforce its bond with its employees needs to commit resources to their development, also training and advancement will diminish turnover intention and guarantee that performing employees does not leave the organization whether voluntary or unwillingly (Benjamin, 2012b). In addition, to the literature and empirical evidence on the negative impact of turnover intention on organizational commitment and job satisfaction, research of this nature is inadequate in the Nigerian context. Particularly, despite lingering employee turnover in Nigerian banking industry, little consideration is directed towards examining the effect of employee turnover intention on employee's commitment.

Moreover, in spite of the number of studies conducted on the relationship between turnover intention and other employees' attitudinal and behavioral variables, (Tnay, Othman, Siong, & Lim, 2013; Campbell & Im, 2015; Nouri & Parker, 2013; Biswas, 2010; Costigan, Insinga, Berman, Kranas, & Kureshov, 2011; Jang & George, 2012). Recommendation was made of the need to investigate turnover model in the banking industry experiencing a high rate of turnover intention,

(Tnay et al., 2013), and Nigerian banking industry is one of such industries. Finally, investigation into the relationship between employee turnover intention and employee attitudes and behaviors has been examined by myriad of studies (Costigan et al., 2011; Jang & George, 2012; Karatepe, 2011). Hence, this study investigates employee turnover intention and how it is been affected by job satisfaction and organizational commitment.

## Job Satisfaction

Job satisfaction is determined from the discrepancy between the individual's requirements and that which is provided by the organization, the closer the balance between organization provision and individual need, the higher the job satisfaction, which in turn decrease turnover intention (Chiang & Hsieh, 2012). Furthermore, Zopiatis, Constanti, & Theocharous (2014) asserts that employee job satisfaction emanates from two alternate points of view namely; extrinsic and intrinsic job satisfaction. The extrinsic job satisfaction refers to contentment with job resulting from factors such as supervision, working conditions and wages implying that the job satisfaction emanates from outer stimuli. On the other hand intrinsic variables incorporate components, for example, the work itself, recognition and growth, and providing satisfaction from one's endeavors and personal accomplishment. Whether employees experience, any job satisfaction depends on how great they feel about their job and by the level of positive feelings they show toward their work roles. In essence, overall job satisfaction measures are used to predict behavior, which in turn, empowers employees to control their appraisal with respect to whether it is advantageous to change any parts of their behavior (Paul, 2012). The study investigates overall job satisfaction and the direct link through which it influence organizational commitment.

## Effect of Job Satisfaction on Turnover Intention

Job satisfaction originates from the psychological state of an individual and the result of the work performed (Tsai, 2014). If organization provides development opportunity and the flexibility in the work itself employees become satisfied (Zopiatis, Constanti, & Theocharous, 2014a). It also decrease employee, intention to leave organizations, exhibit organizational commitment (Kim & Brymer, 2011). In addition, networking behavior was found to influence job satisfaction and organizational commitment (Macintosh & Krush, 2014), and organizational commitment negatively affects job burnout (Salehi & Gholtash, 2011). Consequently, improvement in job satisfaction positively influences performance (Kalkavan & Katrinli, 2014). Furthermore, psychological capital has direct effect (Fu, Sun, Wang, Yang, & Wang, 2013), and indirect on job satisfaction (Bergheim, Nielsen, Mearns, & Eid, 2015). Psychological contract breach negatively affects job satisfaction (Antonaki & Trivellas, 2014). The relationship of organizational commitment, job satisfaction, and perceived corporate reputation has been revealed to negatively influence employee turnover (Alniacik, Cigerim, Akcin, & Bayram, 2011).

Furthermore, psychological capital and service orientation significantly influence job satisfaction which in turn impacts higher financial performance (Eren, Eren, Ayas, & Hacioglu, 2013; Bitmiş & Ergeneli, 2013). Job security significantly influences job satisfaction (Tsai, 2014). Person, organization fit also leads to job satisfaction and job satisfaction leading to job performance (Farooqui & Nagendra, 2014). Moreover, job satisfaction and organizational commitment significantly predict turnover intention among employees (Hofmans, Gieter, & Pepermans, 2013).

In this connection, job satisfaction and stress have a considerable effect on performance, but job security is the most significant factor in the relationship (Azadeh & Mousavi Ahranjani, 2014). High performance work practices bundle comprising of formal performance appraisal, rewards, and promotions, pay for performance positively impacts on job satisfaction (Chowhan, Zeytinoglu, & Cooke, 2014). Therefore, committed and engaged worker is less likely to leave the organization (Raina & Roebuck, 2014).

However, when employees perceive there is politics in the workplace, it reduces their satisfaction and performance thereby increasing the likelihood of their leaving the organization (Abbas, Raja, Darr, & Bouckenoghe, 2012). In essence, since organizational commitment strongly relate with performance and job satisfaction while job satisfaction relates significantly with performance (Imran, Arif, Cheema, & Azeem, 2014). Moreover, since job satisfaction leads to organizational commitment, and intention to stay with organization also makes employees committed to the organization (Zopiatis et al., 2014a). Search and review of literature revealed that so little was done to examine the effect job satisfaction on turnover intention in Nigerian banking industry. In view of the above the study hypothesizes as follows:

H1: Job satisfaction has significant negative effect on bank employee performance

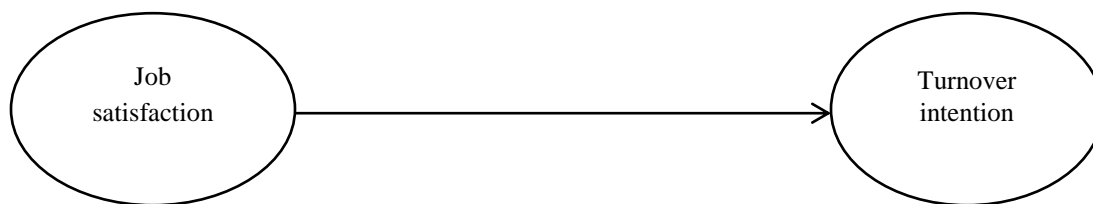


Figure 1 The Research Framework

## Materials and Methods

*Design of the study:* to capture the extent to which job satisfaction affect turnover intention among bank employees in Nigeria, the study surveyed five banks commercial banks. Specifically, cross sectional design was employed to collect data from the employees in the banking industry Nigeria. The selection of employees' was based on convenience and facilitated through the use of questionnaire to elicit the responses of employees in the banking industry. The study collects data from employees because the problem directly affects them so their responses are of great value to the study. Out of the 350 questionnaires 192 usable responses were retrieved. The survey cut across all levels of employees irrespective of their job task that is both marketing and operations staff were involved in the study. Only employees with work experience ranging from 5 years and above were included to participate in the study.

*Measurement instruments:* The instrument used for the collection of data in this study is the questionnaire survey. All the constructs were measured using a self-reported instrument which was rated by the employees on a Likert scale with anchors ranging from 1 = strongly disagree, to 7 = strongly agree. Job satisfaction: Four (4) items, job satisfaction scale was adapted from (Churchill, Ford, & Walker, 1974). Turnover intention: three (3) item questionnaire adapted from (London &

Howat, 1978). The items were developed on a seven (7) point Likert scale with responses ranging from (1) strongly disagree to seven (7), strongly agree. The questionnaire was adapted from previous investigation which has been used by many studies to conduct research for the purpose generalization and was found reliable.

*Technique of data analysis:* SPSS v.22 was used to analyze the data for this study using regression analysis and correlational analysis.

## Results

Results of the regression analysis indicate that, correlation coefficient for job satisfaction is significantly related with employee turnover intention. This is demonstrated by the correlation coefficient  $r = -0.443^{**}$ , the results of the correlation analysis falls within the range of 0.41 to 0.70, which is demonstrates that there is a moderately significant negative relationship between job satisfaction and employee turnover intention. This effect of job satisfaction on turnover intention is also statistically significant at  $p\text{-value} = .000$ . Therefore based on the result of the correlation and  $p\text{-value}$  the study concluded that job satisfaction have significant negative effect on employee turnover intention. Therefore hypothesis H1 formulated in this study is hereby supported. Overall the model summary reveals an  $R^2$  of .231 which is considered substantial (Cohen, 1988).

## DISCUSSION AND CONCLUSION

The findings of this study based on the regression output reveals that job satisfaction have significant negative effect on employee turnover intention. The finding implies that, if the banks maintain practices that ensure employees are satisfied with their job, the turnover intention among employees will reduce moderately. The finding is in line with (Irvine & Evans, 1995). This is because the correlation coefficient is moderate signifying that there are many factors that can significantly decrease employee turnover intention in the banks in addition to job satisfaction. Most importantly, finding of the study demonstrates that even among the many factors that negatively influence turnover intention job satisfaction have its own independent effects. Additionally, the finding demonstrates that when there are practices that enhance employees job satisfaction they will be motivated to exert efforts in production and delivery of services thereby decreasing their level of turnover intention..

Based on the above findings it is concluded that implementation effective practices in an organization that make employee satisfied with the job will lead to significant improvement in the level of satisfaction with the job. Specifically, finding of the study suggest the need for banks to as a matter of urgency ensure that their organizational policies are favorable to employees and align them strategically with the overall objective of the organizations. This will ensure that employee have sense of accomplishment with the job to enable them become satisfied and exert effort to benchmark with the global banking practices. Moreover, in situations where banks strategically implement their policies they are transmitting a positive signal to employees' that their presence in the organization matters to them. Accordingly, employees will reciprocate with a favorable attitude which will enable positive contribution to the value chain. In essence, the need to development sound policies that stimulate employee job satisfaction in the banking industry cannot be over emphasized due to its importance in bringing about reduction in turnover intention leading to achievement of overall organizational objective. Hence the study recommends that

Nigerian banks accord more priority to the development of favorable policies in their relationship with employees in order to fully harness the potentials endowed in each of their employees.

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## APPENDIX

### Correlations

		EMPTURN	JOB SAT
EMPTURN	Pearson Correlation	1	-.443**
	Sig. (1-tailed)		.000
	N	192	192
JOB SAT	Pearson Correlation	-.443**	1
	Sig. (1-tailed)	.000	
	N	192	192

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

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Sig. F Change	Durbin-Watson
1	.320 <sup>a</sup>	.231	.227	1.293	.000	1.847

a. Predictor: (Constant), JOBSAT

b. Dependent Variable: EMPTURN