



Impact of Job Satisfaction on Turnover Intentions in the Pharmaceutical Industry of Karachi

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ABSTRACT

This research endeavors a study to interrogate the possible impact of Job Satisfaction on Turnover Intention in the pharmaceutical industry operating in Karachi. 29 item questionnaires were used to collect the data and data was collected from the employee of pharmaceutical industry of Karachi; for the sample of 282. Multiple Regression Analysis and Principal Component Factor Analysis were applied to interrogate the hypotheses. Results indicated that the compensation, co-workers' attitude, work satisfaction, supervisor's support, promotional opportunities and the communications have a significant but negative impact on the turnover intentions in the Pharmaceutical industry located in the region of Karachi, Pakistan.

Keywords: Job Satisfaction, Turnover Intentions, Pharmaceutical Industry.

JEL Classification: J28, J63

Introduction

The business world never experienced the complexity, which it is experiencing today. The increased level of competition due to the globalization has made it extremely difficult for the businesses to remain competitive and the businesses around the globe are under extreme pressure to create a sustainable competitive edge.

Many new ideas were emerged to create the competitive edge. Some argued that the adoption of the modern manufacturing techniques such as lean manufacturing can be fruitful in creating a sustainable competitive edge while the others suggested that it is the technology that can be helpful in creating a sustainable competitive edge. However, the businesses soon realized that no matter what technique or technology they adopt they are unable in creating a sustainable competitive edge. The inability of the modern techniques or the technologies lies in the fact that as soon as these techniques or technologies are adopted by a firm, the competitors follow soon. Hence the businesses started their search to find the resources that cannot be imitated. After along search, the managers found that it is only the human resource that cannot be imitated and hence they started to realize the importance of the human resource. It was found that losing the human resource may result in losing the competitive edge. This led the managers to start searching for the ways to retain the employees.

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Literature Review

Facets of Job Satisfaction

Al-Ahmadi (2002) suggested that the pay is one of the determiners of the job satisfaction in the healthcare sector of Saudi Arabia. Joseph, Ng, Koh, and Ang (2007) suggested positive association among the pay and the job satisfaction. Ashraf, Joarder, and Al-Masum (2008) found similar results and argued that compensation has significant positive association with the job satisfaction while analyzing the Job satisfaction in the employees of the Bangladeshi mobile phone companies. Gallardo, Sanchez-Canizares, Lopez-Guzman, and Jesus (2010) also supported the argument and suggested that the pay/compensation significantly predicts job satisfaction in the hotel industry of Portugal and Spain. Saba (2011) also used pay as the determinant of the job satisfaction while examining the job satisfaction of Bhawalpur's teachers. Toker (2011) suggested that the compensation has significant effect on the job satisfaction of the academic staff in the universities.

Graham and Messner (1998) used co-workers as the facet of job satisfaction while evaluating the job satisfaction of the Principals. Saba (2011) also used co-workers as the determinant of job satisfaction while evaluating the job satisfaction of the teachers. Kabir and Parvin (2011) also suggested that relationship with the co-workers influences job satisfaction.

Lam, Baum, and Pine (2001) found that job itself is the significant predictors of the job satisfaction. Chen (2006) also found that work it-self is a determinant of the job satisfaction. Salleh, Nair and Harun (2012) supported the arguments that work it-self is a facet of job satisfaction.

Al-Ahmadi (2002) suggested that supervision is one of the determinants of the job satisfaction. Chen (2006) also suggested that supervision is the determinant of job satisfaction. Kabir and Parvin (2011) also supported the argument that supervision influences the job satisfaction. Zahra, Irum, Mir, and Chisti (2013) also used supervisor's support as the determinant of job satisfaction while studying the job satisfaction and the turnover intentions.

Joseph, Ng, Koh, and Ang (2007) suggested that the promotional opportunities have positive relationship with the job satisfaction. Westlund and Hannon (2008) argued that promotion is the facet of job satisfaction and used it as a variable of job satisfaction while studying the job satisfaction and the turnover intentions of software developers.

Ali and Haider (2012) found significant bond between the dimensions of the communication and Job Satisfaction in banking industry of Pakistan. While examining the banking sector, Saleem, Majeed, Aziz, and Usman (2013) found that communication is a significant predictor of the job satisfaction.

Job Satisfaction and Turnover Intention

Lam, Baum, and Pine (2001); Samad (2006) suggested significant negative union between the two variables. Randhawa (2007) also found job satisfaction to be negatively related with the turnover intention. Rahman, Naqvi, and Ramay(2008) studied turnover intentions in the Pakistani IT industry and found that job satisfaction negatively influences turnover intentions. Mbah and Ikemefuna (2012) also supported the arguments of negative affiliation between the two variables. Ucho, Mkavga and Onyishi(2012) also argued that the Job Satisfaction has negative relationship with the Turnover Intentions among the civil servants. Moreover, Lehong and Honggaung (2012) confirmed the negative association between the two variables in the coal mining sector as well.

Relationship between Job Satisfaction Facets and Turnover Intention

Joseph, Ng, Koh, and Ang (2007) suggested negative association between the pay and the turnover intentions. Zahra, Irum, Mir, & Chishti (2013) also suggested significant negative

association between the compensation and the turnover intentions in the Faculty members of the Pakistani universities.

Westlund and Hannon (2008) suggested the existence of negative association between the satisfaction with the co-workers and the turnover intentions in the software industry. Ali (2008) also asserted that satisfaction with co-workers attitude has adverse influence on turnover intentions.

Chen (2006) argued that the satisfaction with work it-self negatively influence turnover intentions in the flight attendants. Westlund and Hannon (2008) also advocated the existence of significant negative involvement between the satisfaction with the environment of work and the turnover intentions.

Zahra, Irum, Mir, & Chishti (2013) also found supervisor's support to be negatively related with the turnover intentions in the faculty of Pakistani universities.

Joseph, Ng, Koh, and Ang (2007) suggested negative relationship between the promotional opportunities and the turnover intentions. After studying the turnover intentions in the software developers, Westlund and Hannon (2008) suggested negative association between the satisfaction with the promotional opportunities and the turnover intentions. Lehong and Honggaung (2012) confirmed this negative connection between the promotions and the turnover intentions in the coal mining sector as well. Zahra, Irum, Mir, & Chishti (2013) also supported the arguments that the promotional opportunities are having a major negative relationship with the turnover intentions.

After examining the turnover intentions in the software industry, Westlund and Hannon (2008) argued that satisfaction with communication is negatively related to the turnover intentions. Ali (2008) also confirmed strong association between the communication and the turnover intentions.

The above mentioned studies analyzed the different facets of the job satisfaction and few have even analyzed the job satisfaction and the turnover intentions. However, very few studies have been executed to examine the job satisfaction and the turnover intentions in the pharmaceutical industry (Manafi, Gheshmi, & Hojabri, 2012), which has been investigated in this research.

Methodology

Measures

To measure the Job Satisfaction, twenty four items were adapted and contextualized from the Job Satisfaction Survey (JSS). The Survey was developed by Spector (1985) to measure the Job Satisfaction.

Rahman, Naqvi, and Ramay (2008) have used the Michigan Organizational Assessment Questionnaire, which was developed by Cummann, Fichman, Jenkin, and Klesh (1979) to measure the Turnover Intentions. For measuring the Turnover Intentions, three items were adapted from Michigan Organizational Assessment Questionnaire. Moreover, to measure the turnover intentions, two more questions were also adapted from instrument developed by Ucho, Mkavga, & Onyishi (2012).

Sampling and Data Collection

For the purpose of analyzing the job satisfaction and the turnover intention in the pharmaceutical industry of Karachi, the data were collected from 282 employees of the pharmaceutical companies of Karachi by administrating the questionnaires and respondents were selected through the purposive sampling method.

Results

Demographic Results

Table 1: Demographic Results

Demographics	Category	Respondents	Percentage
Gender	Male	211	75%
	Female	71	25%
Demographics	Category	Respondents	Percentage
Age	21 – 30 years	82	29%
	31 – 40 years	72	26%
	41 – 50 years	65	23%
	51 years or above	63	22%
Highest Level of Education	Below Bachelors	49	17%
	Bachelors	135	48%
	Masters	72	26%
	MS/M.Phil	26	09%
	PhD	0	0%
Income Level (Rs.)	20,000 or less	61	22%
	20,001 – 30, 000	83	29%
	30,001 – 40, 000	58	21%
	40,001 – 50,000	42	15%
	Above 50,000	38	13%
Tenure	Less than 1 year	112	40%
	1 – 5 years	127	45%
	6 - 10 years	37	13%
	Above 10 years	6	2%
Years in Industry	Less than 1 year	96	34%
	1 – 5 years	107	38%
	6 - 10 years	56	20%
	Above 10 years	23	08%

Table 1 indicates the demographic results in terms of age, gender, uppermost stage of education, income level in the Pakistani rupees, tenure and the years of services in the industry and the percentage of respondents in each category.

Factor Analysis Results

In this research, Principal Component Analysis with Varimax rotation was used. A total of seven factors were extracted, six of the extracted factors were the facets of the job satisfaction and the remaining was the dependent variable Turnover Intentions.

Reliability is one of the foremost criteria while evaluating the research instrument and it measures the consistency of the instrument. In this research, Cronbach's alpha test was applied for checking the instrument's reliability. Fornell and Larcker (1981) suggested that in order to consider an instrument reliable, the reliability of the instrument should be greater than 0.7. In this research, the alpha value for compensation is 0.945, alpha value for co-workers' attitude is 0.955, alpha value for work satisfaction is 0.949, alpha value for supervisor's support is 0.968, alpha value for promotional opportunities is 0.950, alpha value for communication is 0.952 and the alpha value for turnover intention is 0.973. Hence, all the values are well above the 0.7 benchmark which indicated that the instrument is reliable.

Measuring the sample adequacy is a must while applying the factor analysis. In this research, the sample adequacy is measured through KMO. It examined that if the partial correlation between the variables is small, the small values indicate the inappropriateness of the factor analysis. Since the KMO value is 0.806 hence, there was no problem of sample adequacy as it is well above 0.5, which is the minimal acceptable value of the sample adequacy.

The Barlett’s test of Sphericity was also applied. The test was used to determine that if the variables in the correlation matrix are not correlated. Since the significance value of the Bartlett’s test was 0.00, which is less than 0.05, therefore, the above hypothesis is rejected and it is concluded that there is a strong relationship among the variables.

Table 2: Rotated Component Matrix

	Component						
	1	2	3	4	5	6	7
COMP1			.868				
COMP2			.898				
COMP3			.860				
COMP4			.910				
CA1				.930			
CA2				.919			
CA3				.902			
CA4				.877			
WS1						.894	
WS2						.901	
WS3						.890	
WS4						.895	
SS1	.951						
SS2	.940						
SS3	.885						
SS4	.950						
PO1		.933					
PO2		.879					
PO3		.880					
PO4		.952					
COMMU1					.963		
COMMU2					.870		
COMMU3					.937		
COMMU4					.903		
TI1							.646
TI2							.585
TI3							.582
TI4							.575
TI5							.586

The Table 2 showed the factor loadings of the variables. Compensation, co-workers' attitude, work satisfaction, supervisor's support, promotional opportunities and communication are the facets of the independent variable job satisfaction whereas, the seventh factor extracted was the dependent variable Turnover Intention. Each of the six facets of the job satisfaction had four items whereas; the dependent variable Turnover Intentions has five items. Straub (1989) argued that the factor loading should exceed the minimum criteria of 0.5 and the feature for all the items in this research are well above the minimum 0.5 requirement.

Regression Analysis

Table 3 Regression Analysis Results

Independent Variables	Beta (β)	t-value	p-value
Compensation	-0.128	-2.367	0.019
Co-workers' Attitude	-0.118	-2.208	0.022
Work Satisfaction	-0.167	-3.203	0.002
Supervisors Support	-0.158	-3.184	0.002
Promotional Opportunities	-0.416	-8.053	0.000
Communication	-0.131	-2.476	0.014
Adjusted R ² = 0.314		F-Statistics = 22.418	Sig = 0.000

The negative β values of the compensation, co-workers attitude, work satisfaction, supervisor's support, promotional opportunities and the communication in the Table 3 indicates the existence of negative relationship between the independent variables which are the facets of the job satisfaction and the Turnover Intention. Moreover since p-value of all the variables is less than 0.05, therefore it is concluded that all the facets of the job satisfaction which are described in the table have a major collision on the Turnover Intentions.

Adjusted R² value is 0.317 which shows that 31.7% of variance in the dependent variable Turnover Intention can be explained by the facets of the job satisfaction. The F-statistics is 22.739 and the sig value is 0.00 which indicates that the model is statistically fit.

Conclusion

Compensation, colleagues' attitude, work satisfaction, manager's support, promotional opportunities and the communication have major but negative impact on the turnover intentions. The negativity in the relationship showed that with the increase in the satisfaction level of these facets of the job satisfaction, employees are less likely to have the intentions to switch the job and vice versa. Hence, in order to reduce the turnover intentions, the managers in the pharmaceutical industry must concentrate on increasing the job satisfaction levels of the above mentioned facets of the job satisfaction for an employee. Since the study is conducted only in the pharmaceutical industry, therefore, future researchers may study the job satisfaction and the turnover intentions of other industries. Moreover, the study was confined to the geographical limits of Karachi and the data was collected only from the pharmaceutical companies of Karachi, therefore same work should also be conducted in the other cities of the country.

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