A STUDY OF AGE FACTOR ON JOB SATISFACTION AND REMUNERATION LEADING TO TURNOVER TRENDS, WITH REFERENCE TO WORKING PROFESSIONALS IN INDIA

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ABSTRACT
The authors contribute in this paper that the relationship between job satisfaction & remuneration to turnover trends amongst Indian working professionals by segregating the population into 2 groups based on median age. Data was collected from 430 working Indian professionals having median age of 30 years, from different industries such as ICT, pharmacy, automobile, engineering, public sector, FMCG where they have expressed their opinion on turnover, remuneration & job satisfaction in their respective companies. After undertaking statistical analysis it was found that the relationship between age & remuneration has inverse proportionality and direct proportionality between age and job satisfaction. However, more significant observation is that the age is strongly inversely proportional to the remuneration as this is evident by observing the employees below median age of 30 years are easily susceptible for the salary factor, whereas professionals above the median age of 40 are more susceptible for job satisfaction. Findings from this paper are very useful to understand the character of the professionals’ w.r.t. age verses salary & age verses job satisfaction. This may be helpful for the top management of the organization to reduce attrition rate and bringing in more productivity towards achieving organization’s objective.

Keywords: Job Satisfaction; Remuneration; Turnover; Trends; Organization; Productivity; Attrition

INTRODUCTION
Trends of turnover are an interesting subject to researchers & academicians as it has negative connotation (Singh & Loncar, 2010). Many experienced professionals feel that sticking to the same company for a prolonged period is better option compared to changing jobs frequently. This is no more a valid argument when it comes to the young professionals. As we see in the present days most of the young professionals are hopping jobs frequently as they are of a belief that sticking longer to a job doesn’t provide them, better prospects wrt salary, job satisfaction as well promotions. This trend is
more observed in the ICT sector in particular and in all sectors in general. Still this hopping of jobs frequently is not an appreciable quality in the conventional sectors.

The main reason for job shifting in the present days are that the professionals are impatient and want to climb up the ladder of promotions & higher salaries in short span of time. But we have seen that, yes job hopping can provide short term better benefits, but reaching to the level of top management position, generally employer prefers professional who exhibit their loyalty by sticking up to the job for longer periods.

If the renewals are not received by the employees in spite of their committed efforts to the company, they show it through absenteeism, job avoidance, slow pace working, lazy acts, wasting time unnecessarily. All these actions will result into low productivity there by loss of revenues & margins thereby companies start looking for new breed of employees in the place of old breed of employees. However as Vandenbergh & Tremblay, 2008 point out, “research as the link between pay satisfaction and leaving the jobs has been limited. Moreover, most of that research has focused on satisfaction with pay level and use an undifferentiated measure of pay satisfaction.

The present research is based on the premise that intention to quit is dependent on two parameters, first remuneration satisfaction and second job satisfaction with a moderating effect of age. Experts believe that information technology and business process outsourcing (BPO) industries have been the major drivers to the trend of recurrent job quit. This turns out to be expensive for organizations since they incur considerable costs, both direct and indirect (Griffeth et al., 2000;kinicki et al., 2002;).

The paper is organized as follows: the following sections briefly describe the research background and related literature review which helped to formulate the research hypotheses. It then describes the research context and methodology used in this study. The major findings are then discussed and the final section draws conclusions, reviews the limitations of the study, and presents scope for future research.

OBJECTIVES

To collect primary data and by understanding the statistical analysis to know

1. Relation between the age and remuneration

2. Relation between the age and Job satisfaction among the Indian professionals with reference to the above & below the median age of 30 years.

LITERATURE REVIEW

Using the definition provided by Miceli and Lane (1991, p. 246)’ remuneration satisfaction is the amount of overall positive or negative feelings individuals have towards their pay’ using the term ‘pay’ broadly to include wages, salaries, and benefits. According to their statement, the benefits & pay within a company interpreted incorporates a cognition or belief amongst employees. Moreover, it may be impacted by various factors such as justice perception, personal needs and dispositional effect. while in present study remuneration satisfaction is taken as independent variable with jobsatisfaction.

However, a finding by Joetan, Edwin and Kliener (2004) as a part of their study on incentive practices in the automobile industry in Developed nations, was that, a bad pay system leads to high turnover trends among employees. Changing the salary system to a more comfortable and predictable system such as the salary based payment will greatly increase the retention rate of the sales persons. The pay satisfaction turnover trend relationship was revealed in many literatures. Lum et al. (1998) established a negative relationship between these two variables in a sample of 361 Canadian registered nurses. 29.6% of the nurses indicated their pay dissatisfaction as the major reason for leaving the profession. This research indicates that Salary satisfaction and job satisfaction is a determinant of turnover trends in the Indian professionals.

Job satisfaction and Turnover trends:
Job satisfaction is described as the positive attitude and emotion towards one’s job and work environment (Locke 1978). This good feeling occurs when an employee perceive that there is a definite alignment between the current job and their personal goals. There shouldn’t be a mismatch between the effort they put in & the outcome they deserve i.e. it is always expected that inducement would always be greater than contribution so as to keep the value judgment about job satisfaction intact. Leaving job not only reflect the quitter’s attitude but also discourages others to join that profession (Ingersoll 2001 to 2006). The author argues that the heavy workload, poor salaries and benefits are some of the reasons professionals are dissatisfied and quit their jobs.

Present research focuses on job satisfaction but not specifically on a particular industry. Analytical studies brought out that the job satisfied employees are more affectively committed to their organization than the dissatisfied employees. Igbaria and Greenhaus (1992) observed that job satisfaction is related to actual turnover of employees in an organization. Blau and Boal (1989) reported that job satisfaction accounts for less than 15% of the total variance in the turnover of employees. Mobley (1982) said that though the reports are inconsistent but it should not deter researchers from measuring job satisfaction of employees. His recommendation in order to understand/ analyze the intention of an employee to leave a job and their actual turnover was to examine the above aspects along with other available constructs.

Pay satisfaction and Turnover Trends: Literature reveals that pay satisfaction has a negative correlation with turnover intention. However there may be exceptions to this rule in some industry as the nursing job. Using a sample of 200 nurses in a unionized hospital in Ontario, Singh and Loncar (2010) showed that nurses may be more motivated by their jobs, verses their salary. So in their case, may be low remuneration satisfaction may not lead to high turnover. As majority of literature supports the negative correlation between pay satisfaction and turnover trends, the present study proposes the same in the Indian context.

In the past supervisory employees used to look for an alternative job before resigning the current one. But nowadays employees are quitting before securing a new job. Khatri et al. (2001) proved that job hopping is positively related with turnover trends. Turnover trend is comparatively less researched in Indian context, and hence this study has tried to build its relation with job relation in Indian context. Logically, quitting is preceded by intention to quit. Clegg and Herzberg (1996) found that job satisfaction is one of the variables having the strongest zero order relationship to turnover. Job satisfaction is central in explaining employee intention to quit. Koh and Goh (1995) and Lam et al. (1995) described that job satisfaction is negatively related to employees turnover trends. From the discussion above, the following hypotheses are proposed in Indian context:

H1: Higher the age more is the significance of pay satisfaction than job satisfaction towards turnover intention.

H2: Lower the age more is the significance of job satisfaction than salary satisfaction towards turnover trend.

METHODS AND RESEARCH CONTEXTS

The study is set for Indian professional employees from different sectors to include the trend of turnover across all industries. The effect of pay satisfaction on turnover trend and the effect of job satisfaction on the same are clearly examined in this research. Also age is theoretically used as a moderating variable impacting the effect of both pay satisfaction and job satisfaction on turnover trend.

Data Collection and Sample

An online questionnaire was shared to collect data from professional Indian employees working in various industries. The final data set contain 430 responses. A total of 20 questions consisting of 3 questions on turnover intentions, 5 questions on job satisfaction and 12 questions on remuneration satisfaction were distributed to the working executives. They have been given a window of 10 days to
fill-up the questionnaire. The respondents gender wise mix of male (n=270) forming 62.8% and female the balance of n=160, forming 37.2%. the range of age varied between 21 to 40 years. The median age was 30 years.

**Measures:** Three items were used to assess turnover intention amongst Indian employees. A 5 point scale is used to respond to those items from strongly disagree which is 1 and strongly agree which is 5 points. These items were modeled after an index from the Michigan organizational Assessment Questionnaire measuring the trend for turnover. A high score on this indicates high turnover trend. The original MOAQ scale which is used in the present study to measure trend of turnover consisted of the following three items:

1. How likely is it you will actively look for a new job in the next year?
2. I often think about quitting
3. I will probably look for a new job in the next year

Job satisfaction was measured using 5 items borrowed from a research done by Brayfield & Rothe (1951) on 5 point Likert scale. Sample questions include “I feel fairly satisfied with my present job”, “Most days I am enthusiastic about my work”, and “I consider my job rather unpleasant” etc. there were 2 items which have negative sense and hence were recoded as part of this research. A high score on this scale indicates a heightened sense of “Job Satisfaction”.

Pay satisfaction was measured using the same scale of 5 point from “strongly disagree which is 1 point to strongly agree which is 5 points from the research paper “Validity of the Dimensions of the pay satisfaction Questionnaire: Evidence of differential prediction” written by Timothy A.Judge. The sample questions include “I am happy with my take home salary”, “The amount of my company pays towards my benefit is better than market”, “the raises I have received are typically in the past were satisfactory”, “my company provides adequate information about pay issues related to me”, “I am happy with the differences in pay among jobs in the company” etc. A high score on this scale indicates higher pay satisfaction amongst the respondents.

Independent Variable 1

![Diagram](image)

**Figure 1. Theoretical Model**

**ANALYSIS**

The study divides the entire data set into two groups based on median age. First, turnover trends is used as the dependent variable in the linear regression equation and both pay satisfaction and job satisfaction as independent variables for age less than or equal to the median age of 30 years. In the second step, similar process is followed for age greater than 30 years. In both steps, the extent of impact of independent variable on turnover intent is assessed.
Reliability of job satisfaction of all 5 items for age ≤ 30 calculated as 0.585 whereas for age >30 for all 5 items, Cronbach’s alpha came as 0.817. When factor analysis was done then for age ≤30, job satisfaction was loaded into 2 factors. One factor contained both the negatively worded items of “Each day of work seems like it never end” and “I consider my job rather unpleasant”. The other factor contained the rest 3 positively connoted items. When both negatively connoted items were removed and reliability was checked then Cronbach’s alpha increased to 0.692. When factor analysis of job satisfaction items was done for age > 30, all 5 items loaded into one factor. So, to maintain similarity in analysis for both age groups, only 3 positively connoted items of job satisfaction were considered for regression analysis.

RESULTS

Reliability of data was measured separately for both Age ≤ 30 and age > 30. Cronbach’s alpha values are given below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Age ≤ 30</th>
<th>Age &gt; 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration Satisfaction</td>
<td>0.901</td>
<td>0.914</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.692</td>
<td>0.820</td>
</tr>
<tr>
<td>Turnover Trends</td>
<td>0.828</td>
<td>0.742</td>
</tr>
</tbody>
</table>

Regression Analysis results are given below:

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Beta Coefficient</th>
<th>Significance</th>
<th>R square Value</th>
<th>t statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay satisfaction</td>
<td>Turnover trend</td>
<td>-0.033</td>
<td>0.708</td>
<td>0.172*</td>
<td>-0.375</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>Turnover trend</td>
<td>-0.402</td>
<td>0.000</td>
<td></td>
<td>-4.558</td>
</tr>
</tbody>
</table>

Second step Age > 30 ; N = 160

| Pay satisfaction | Turnover trend | -0.429 | 0.000 | 0.221* | -4.914 |
| Job satisfaction | Turnover trend | -0.157 | 0.076 |        | -1.792 |

Note: *p<0.01

Turnover Trend is indicated as TT pay satisfaction is symbolized as PS and job satisfaction is represented as JS in the regression equations.

The regression equation for step 1 is:

\[ TT = 16.392 – 0.010 \times PS – 0.535 \times JS \] (1)

The regression equation for step 2 is:

\[ TT = 17.525 – 0.107 \times PS – 0.169 \times JS \] (2)

T values are important as they help in determining the relative importance of the variable in particular model. For age ≤ 30 salary satisfaction is not at all significant and t statistic is very low which shows that pay satisfaction does not have a significant importance in turnover trend for younger professionals. For the same age group, job satisfaction takes very significant importance as can be seen from the table. For age > 30 pay satisfaction takes more significant than job satisfaction.

Practical Implications

The results provide insight into the impact of age on pay satisfaction and employee job satisfaction which, in turn, has an effect on turnover trend that could benefit the Indian managers to focus on policy making for the employees of their respective organizations. It would also assist planers to gain a holistic view on Indian employee behavior. The present study is unique in the way that it talks about
job satisfaction of Indian employees has more impact on turnover trend than pay satisfaction when employees are relatively younger having age ≤ 30. In addition the study also finds that the impact of Job and pay satisfaction on turnover trends gets switched when age is relatively higher i.e. for employees who are moderately experienced. The study also established the inverse relationship of pay satisfaction to turnover trends as well as the same between job satisfaction and turnover trends. Though not much Indian literature is available, but after this study it is reasonable to conclude that regardless of differences between western and Indian culture, job satisfaction, remuneration satisfaction, in general negatively influences turnover trend of Indian employees in a similar way to the western counterparts.

Linz (2003) studied the correlation between age and job satisfaction and found that older workers show greater level of organizational commitment and hence stay loyal to their organizations and they show greater job satisfaction. In contrary our study shows that as one is getting older he/she starts focusing on pay rather than job satisfaction. This may be because in India, a younger employee in government sector or IT firm may show satisfaction with their job even if he is paid less by his employer. As in India job security plays a major role so public or private sector also plays its part to a greater extent.

This may also be due to settling down of the employee for marriage and children. Thus an older employee in India will look more towards pay as s/he has more responsibilities and social obligations. Therefore from the responses of the candidates, a clear correlation was built between job satisfaction and turnover trends as well as between pay satisfaction and turnover trend by a theoretical moderating effect of age.

The managerial implications of this study will be in form of human resource practices in an organization. When an employee thinks about switching over a job, he always gives a thought to the tangible benefits he is receiving from the current organization. These tangible benefits also determine the satisfaction an employee derives from his/her job. Managers should understand that human resource practices may not affect directly employee turnover, but through increasing job satisfaction in an employee, employee exit can be checked. Also by having a proper pay strategy, turnover intention can be mitigated. For example in software Industry employees can be provided with incentives and bonuses to make them work harder and in turn can make them satisfied with their jobs. Also this study might help employers to retain their employees and thus cut direct costs which according to the study of staw (1980), is expenditure which is on the selection, recruitment, induction and training of new employees. In addition, this study might curb indirect cost.

**RESEARCH LIMITATIONS**

The major limitations of this study are common source, common time and common method. A single instrument was designed to contain questions pertaining to all the three variables in the form of pay satisfaction, job satisfaction and turnover trends. A single method of collecting questionnaire is used to collect data rather than using various techniques like interview, survey or even company document. Also the sample was limited to Indian employees having an age range of 21 to 40 years. Future research needs to be obtained on more diversified samples in terms of age and should be continued by examining additional variables and application of structural equation modeling for taking any measurement error into account. This study also has samples across the sectors. Hence can’t be appropriate to generalize the findings on a particular industry.

**FUTURE SCOPE**

For the scope of the future the studies can be made first to observe the effect on the Pay satisfaction, job satisfaction and turnover trends with respect to the gender. Secondly, the samples are conveniently picked from the known sources and contacts of the authors, instead should pick up the sample population heterogeneously to study these characteristics and the effect with respect to the particular age group of the professionals. Thirdly, the sample has mix from all the industries from the private to
the public sector combined. Instead the studies can be taken up to compare these studies comparing the private sector employees verses the public sector employees to understand the variations. Fourth, the study talks mainly on the job satisfaction and pay satisfaction instead can spread it to find out with respect to job security, job rotation, job responsibility, technology preference job traits etc. Also pay can be studies for the pay benefits, bonus, incentives, awards in cash etc. Lastly the age band has been selected for 21 to 40 years in this study which can be taken for 20 to 30 years band, 25 years to 40 years band etc. to understand the behavior with respect to different age groups.

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