

## IMPACT OF JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT ON TURNOVER INTENTIONS AMONG PHARMACEUTICAL EMPLOYEES

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### ABSTRACT

*Due to the divergent conclusions on job satisfaction, the study aims to look more deeply into the relationship that exist between the different variables of job satisfaction, organisational commitment and turnover intentions among pharmaceutical employees. The paper uses questionnaire survey to analyze the responses of 300 pharmaceutical employees, taken from some selected pharmaceutical companies (Ranbaxy-now known as Sun Pharmaceuticals), Cipla and Dr. Reddy's Laboratory) in Baddi, Himachal Pradesh. The study made use of both descriptive and inferential statistics such as frequencies, means, and standard deviation, including bivariate correlation to obtain results. Pharmaceutical employees are satisfied and committed to their jobs. The results also provide some supports for the relationships between job satisfaction, organisational commitment and turnover intentions where there is a positive relationship between job satisfaction and organisational commitment whereas there are negative relationship between job satisfaction and turnover intentions. Furthermore, there is a negative relationship between organisational commitment and turnover intentions.*

**KEYWORDS:** *Job Satisfaction, Organisational Commitment, Turnover Intentions, Demographics.*

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### Introduction

Job satisfaction and organisational commitment are important for determining both individual and organisational outcomes. Reason behind selecting the pharmaceutical sector for the research is that the sector is undergoing into continued expansion. This sector is expected to be one of the leading employment providers in India with not only hiring professionals from healthcare but also other sectors for diversified functions. Despite their importance, limited job satisfaction and organisational commitment research has been conducted in the profession, which underlines the basis for the study.

### Implications

The study has important implications for management, suggesting that organizations could be profitable by identifying the level of job satisfaction of pharmaceutical employees and apply interventions that are focused on developing job satisfaction among the employees in the organization. Also the findings of the study can be used as a guideline by the management to overcome turnover intention problems in organizations, by raising the level of job satisfaction and organisational commitment of the employees.

### Limitations

The study was carried out in Baddi area of Himachal Pradesh. The results could differ in various geographical locations. The study is limited to three pharmaceutical companies only. Subjectivity in the responses of respondents is possible as the study was based on self-reported data. Only two constructs related to job satisfaction, i.e. commitment and turnover intentions were studied. Further study research is recommended in other sectors to view what are the other factors that have impact on employee's job satisfaction.

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## Literature Review

Locke (1976) defined job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences." It indicates an employee's positive attitude toward his or her job (related to the organisation and its environment) after evaluating all the characteristics of the job against his or her expectations. Job satisfaction is an attitude concerning work-related conditions, facets or aspects of the job (Wiener, 1982). It refers to the positive attitudes or emotional dispositions people may gain from work or through various aspects of work (Furnham, 1997). In today's business environment, managers consider job satisfaction as a significant issue due to its enormous impact on employees' behavioral outcomes. It is found that organisations with more satisfied workers are more effective than those with less satisfied workers (Robbins & Judge, 2010). This is an important area of research because job satisfaction is found to be correlated with enhanced job performance, positive work values, and high levels of employee motivation and lower rates of absenteeism, turnover and burnout (Begley & Czajka, 1993; Tharenou, 1993; Salehi & Gholash, 2011). Locke (1976) presented a summary of job dimensions that has been established to contribute significantly to employee job satisfaction. The particular dimensions represent characteristics associated with job satisfaction. The dimensions are: work itself; pay; promotion; recognition; working conditions; benefits; supervision and co-worker relationships. A person's satisfaction mostly depends on the gap between that person's expectations and what is actually received. Naturally, an individual will be less satisfied dissatisfied if he or she does not receive what she/he expects. Moreover, a person may be relatively satisfied with one aspect of his or her job while dissatisfied with another aspect.

Organisational commitment reflects a multi-dimensional psychological attachment of an individual to the organisation, which plays a positive role in retention of members in the organisation. Organisational commitment is described as an employee's psychological attachment to the organisation (Barnard, 1938) or as the relative strength of an individual's identification with and involvement in a particular organisation (Mowday, Steers & Porter, 1979). Later, Mowday, Porter, and Steers (1982) refer to organisational commitment as the strength of an individual's identification with and involvement in a particular organisation. It inherently exhibits employees' psychological attachment to the organisation and intention to continue their job with the current organisation due to a sense of obligation to the organisation or their coworkers. Porter *et al.* (1974) defined organisational commitment as a set of components. They suggested that organisational commitment has three primary features: (i) a strong belief in and acceptance of the organisation's goals and values; (ii) a willingness to exert considerable effort on behalf of the organisation and (iii) a strong desire to remain with the organisation (Porter *et al.*, 1974). Organisational commitment has emerged as an important construct in organisational research due to its relationship with work-related constructs such as absenteeism, turnover, job satisfaction, job-involvement and leader-subordinate relations (Mathieu & Zajac, 1990; Tett & Meyer, 1993).

Turnover is defined as the "individual movement across the membership boundary of an organisation (Price, 2001)". It could be voluntary or involuntary. It is also defined as "voluntary and involuntary permanent withdrawal from an organisation (Robbins & Judge, 2010)". In this current study, the authors aim to focus on voluntary turnover intentions, simply, the turnover intentions of employees. Voluntary turnover means "a conscious and deliberate willfulness to leave the organisation (Tett & Meyer 1993)". It means "voluntary cessation of membership of an organisation by an employee of that organisation (Morrell, Loan-Clarke & Wilkinson, 2001)". It refers to the intent of an individual to leave his or her organisation (Alniacik *et al.*, 2013). It captures the individual's perception and evaluation of job alternatives (Mobley *et al.*, 1979). A study conducted by Muchinsky and Murrow (1980) found that there are three determinants of turnover: (i) economic opportunity factors; (ii) individual factors and (iii) work-related factors. Voluntary turnover creates significant costs, both in terms of direct costs, such as replacement cost or in terms of indirect costs, such as the pressure on remaining staff or the loss of social capital (Staw, 1980). Turnover of skilled employees can be very expensive and disruptive for firms (Reichheld, 1996). Lee and Bruvold (2003) stated that investment in employee development is correlated with the employee's intention to leave the organisation. Available studies found that various factors are related to turnover intentions, for example, satisfaction and commitment (DeGieter *et al.*, 2011); shorter work hours, choice of work schedule (Bame, 1993); salary growth (Trevor, Barry & Boudreau, 1997); lack of recognition and lack of competitive compensation systems (Abassi & Hollman, 2000); lack of meaningful work and opportunities for promotion (Miller & Wheeler, 1992); ineffective performance appraisal and planning systems (Dailey & Kirk 1992).

### Research Framework of the Study

The literature was the basis for developing the model. The model comprised of three factors job satisfaction, organisational commitment and turnover intentions in which we consider job satisfaction as independent variable, organisational commitment and turnover intentions as dependent variables for the relationship between job satisfaction, organisational commitment and turnover intentions. The Schema of the model is given below:

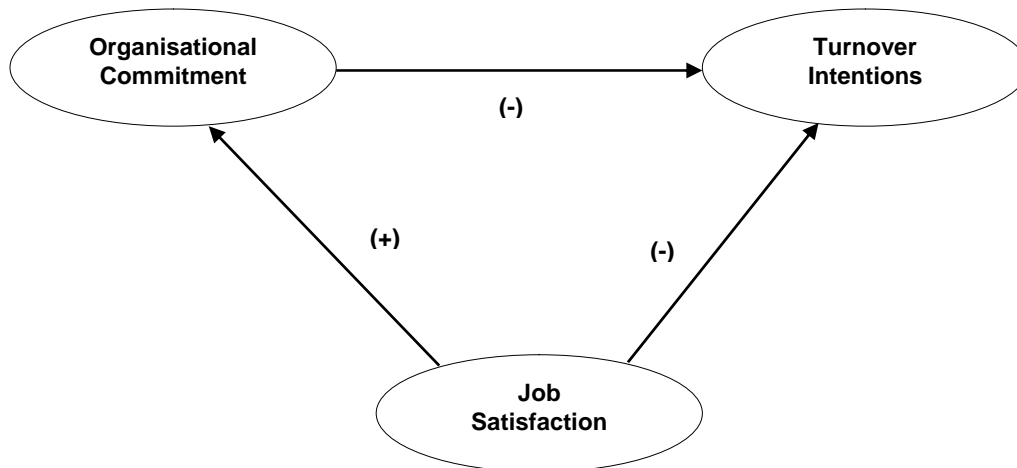


Figure 1: Research Framework depicting the relationship between Job satisfaction, Organisational commitment and Turnover intentions

### Research Hypotheses

In this section we present the conceptual model of the hypotheses on the relationships between job satisfaction, organisational commitment and turnover intentions. The model comprised of three factors job satisfaction, organisational commitment and turnover intentions in which we consider job satisfaction as independent variable, organisational commitment and turnover intentions as dependent variables for the relationship between job satisfaction, organisational commitment and turnover intentions. (Figure.1) to this end we propose five hypotheses describing:

- H<sub>1</sub>:** Pharmaceutical employees are satisfied and committed to their job.
- H<sub>2</sub>:** Job satisfaction is related to organisational commitment.
- H<sub>3</sub>:** Job satisfaction is related to turnover intentions.
- H<sub>4</sub>:** Organisational commitment is related to turnover intentions.
- H<sub>5</sub>:** Job satisfaction is related more to organisational commitment than turnover intentions.

### Methodology

- **Sample and Data**

The data was collected from the pharmaceutical industries of Baddi through survey questionnaire. The survey was used to analyze the job satisfaction, organisational commitment and turnover intentions in the pharmaceutical industry. A total of three hundred and fifty (350) questionnaires were personally administered to pharmaceutical employees of Ranbaxy (now known as Sun Pharmaceuticals), Dr. Reddy's and Cipla. Out of which three hundred (300) usable questionnaires were included for data analyses.

- **Measure**

A questionnaire was used which compile job satisfaction survey, the first part compile demographic profile questionnaire used to determine the age, gender, education, marital status, functional areas and experience of the targeted sample group of the selected pharma companies. The other part of questionnaire compile job satisfaction measure which measure the facets of job satisfaction (pay and rewards, relationship at work, working conditions, corporate culture, career development and

performance management), organisational commitment and turnover intentions. The questionnaire consisted of total 61 statements which include 49 statements of job satisfaction, 6 statements of organisational commitment and 6 statements of turnover intentions Ngo (2009) among the employees of Ranbaxy, Dr. Reddy's and Cipla. Five point Likert scale was used to measure the elements of job satisfaction, organisational commitment and turnover intentions ranges from 1 to 5 where 5 means Strongly Agree, 4 means Agree, 3 means Neither Agree nor Disagree, 2 means Disagree and 1 means Strongly Disagree.

Responses obtained from the returned questionnaires were separately coded and entered on computer. The data was analyzed using the *SPSS-16.0* (Statistical Package for Social Sciences) and the results were shown by means of tables. No missing values were found in any of the selected questionnaires. Means, standard deviation, t-test, correlation were used to test the hypothesis.

- **Reliability**

The reliability of scale indicates that the study is free from random error. Reliability reflects the consistency of a set of items in measuring the study variables and concepts (Cooper and Schinder, 2001). Cronbach's alpha is the most widely-used method to measure the reliability of the scale (Cooper and Schinder, 2001; Malhotra, 2002). Cronbach's alpha, is the average of all possible split-half coefficients resulting from different ways of splitting the scale items. It may be mentioned that Cronbach's alpha value ranges from 0 to 1 but to be satisfactory the value should be more than 0.60 for the scale to be considered to be reliable (Malhotra, 2002; Cronbach, 1951). As the Cronbach's alpha value for all the constructs was between 0.75 and 0.97, the instruments were considered to be highly reliable for data collection.

- **Demographics**

Demographic composition of the sample in terms of gender, age, education, marital status, functional areas, experience and company were 246 respondents are male and 54 respondents are female which describes percentage as 82% and 18%, respectively. 105 respondents (35%) are in the age group of 31-40 and 4 respondents (1.3%) are in the age group of 41-50. The maximum respondents (63.7%) are from the age group of 21-30 years, which shows that young people are employed more in pharmaceutical industries. 86 respondents(28.7%) are graduate, 197 respondents (65.7%) are post graduates and 17 respondents (5.7%) with other qualifications. It depicts that pharmaceutical industries recruit educated employees. 231 respondents (77.0%) are married employees and 68 respondents (22.7%) are unmarried whereas only one is separated employee. There are 118 respondents (39.3%) from quality control department, 91 respondents (30.3%) from production department , 66 respondents(22.0%) from quality assurance which indicate that maximum employees of pharmaceutical companies are in these departments whereas the other departments include 12 respondents (4.0%) from marketing/sales, 7 respondents (2.3%) from HR department, 3 respondents (1%) from stores and accounts/finance departments. 165 respondents (55%) have a work experience between 5-10 years and 123 respondents (41%) having experience less than 5 year and experience between 10-15 years and more than that are very low. Numbers of respondents selected from three pharmaceutical companies are 70 respondents (23.3%) from (Ranbaxy-now known as Sun Pharmaceuticals), 95 respondents (31.7%) from Dr. Reddy's Laboratories and 135 (45.0%) respondents from Cipla.

### Results and Discussions

Results of one sample t-test, *p*-value was less than the level of significance 0.05 at test value 5 supporting hypothesis H1 indicates the pharmaceutical employees are satisfied and committed to their job.

**Table 1: Descriptive Statistics and Correlations**

	Mean	SD	H2(Pearson Coefficient)	H3(Pearson Coefficient)	H4(Pearson Coefficient)
Job Satisfaction	3.39	0.718	0.739**	0.683**	0.559**
Commitment	3.12	0.730			
Turnover Intentions	3.04	0.685			

Note: \* *p* , 0:01 (two-tailed);n=300

Table 1 presents the descriptive statistics of the indicators considered in the study a moderate positive correlation was found between job satisfaction and organisational commitment at the level of 0.739 therefore supporting H2 .In other word, employees who are satisfied with their job tend to be

committed to their organisation and vice versa. A negative correlation between job satisfaction and turnover intentions at the level of 0.683 was found which supporting H3 which predicted that job satisfaction was negatively related to turnover intentions. In other words, employees who are not satisfied with their job intended to leave their organization and vice versa.

There was a negative correlation between organisational commitment and turnover intentions at the level of 0.559 therefore supporting H4 which means employees who are not committed to their job were those who were ready to leave their organization and vice versa.

**Table 2: Correlation between Job satisfaction, Organisational commitment and Turnover Intentions**

		Commitment	Turnover Intentions	Job Satisfaction
Commitment	Pearson Coefficient	1	-0.559**	0.739**
	Sig.(2-tailed)		0.000	0.000
Turnover intentions	Pearson Coefficient	-0.559**	1	-0.683**
	Sig.(2-tailed)	0.000		0.000
Job satisfaction	Pearson Coefficient	0.739**	-0.683**	1
	Sig.(2-tailed)	0.000	0.000	

Note: \*\*p , 0:01 (two-tailed);n=300

Table 2 presents the correlation between organisational commitment and turnover intentions is  $r = -0.559$  (negative sign shows that there is negative correlation between organisational commitment and turnover intentions), correlation between organisational commitment and job satisfaction is  $r = 0.739$  (positive sign shows that there is positive correlation between organisational commitment and job satisfaction) and the correlation between turnover intentions and job satisfaction is  $r = -0.683$  (negative sign shows that there is negative correlation between turnover intentions and job satisfaction) therefore supporting H5 which concludes job satisfaction is related more to organisational commitment than turnover intentions.

### Contributions of the Study

This research study provides several theoretical contributions and managerial implications of which are explained as follows:

#### Theoretical Contributions

This research helps to support the positive relationship between job satisfaction and organisational commitment. The study provides important theoretical contributions expanding on previous knowledge and literature of job satisfaction and organisational commitment. For preceding the field theoretically, this research establishes a link among job satisfaction, organisational commitment and turnover intentions from the pharmaceutical employees' perspective in Baddi. In accordance with the results of this study, the need for further research is apparent from the notes of employees, companies that have a different environment which may influence the employee behaviour. Future research should include the effects of role stress, perceived organisational support, growth opportunities and organisational justice by its specific definition to job satisfaction, organisational commitment and turnover intentions. Furthermore, future studies should include mechanisms that determine the importance of each job satisfaction source. This is not only necessary for calculating overall satisfaction scores but also for making policy decisions about each job dissatisfaction source. More research could be conducted on other pharmaceutical companies of different geographical locations.

#### Managerial Implications

A particularly interesting finding of the present study for management; suggesting that organisations could be profitable by identifying the level of job satisfaction of employees and applying interventions that are focused on the developing job satisfaction among the employees in the organisation. The findings of the study can be used as a guideline by the management of pharmaceutical industry to overcome employee turnover problems in organisations, by raising the level of job satisfaction and commitment of their employees. This research has several managerial implications for personnel researchers, management practitioners and organisations which include the most important factor, retaining employee, involves the behavioral outlook of employees and consider being quite unpredictable, shares a reciprocal relationship with the overall employee commitment level showing a pitfall to management as it gives a clear indication that the employees are externally oriented for better career advancement and organisational perspective. Management has to step an extra mile to reform its

strategies in order to maintain a constant or positive retention intention amongst its employees. Maximizing potential, which includes the training and development aspects, is the only factor that is sub setting both the types of employee commitment-organisation as well as work. Employee turnover intentions can be reduced if the management focus on promoting good interpersonal relationships and behaviors at work encourage supportive organizational culture and focus on career planning and development. Organisational commitment can be achieved if the management provides adequate working conditions, encourage a supportive organisational culture, focusing on career planning and development also on rewards the performance appropriately. The level of organisational commitment of employees having higher affiliation towards work (career-oriented employees) can be upgraded by providing strong organisational support. In such cases, management should take efforts by providing flexible work arrangements to maintain a steady work-life balance. Introducing such programs and policies that facilitate work-life balance acknowledge that employees have responsibilities and lives outside work organisation. It also helps individuals better manage these multiple demands leading to higher level of commitment and loyalty towards the organization. Better working situations may decrease turnover intentions problems and increase job satisfaction and commitment of employees in organisations through an increase in the employee's performance, positivity in their attitude toward job, creating good interaction styles with other employees. In the present situation in pharmaceutical industries, it is strongly recommended that managers should concentrate on increasing the commitment of the workers as well as their job satisfaction to higher levels because fostering high levels of commitment among the workers can lead to low levels of absenteeism, less grievance and alienation, low turnover and high levels of willingness to share and make sacrifices on behalf of the industries.

### Conclusion

Job satisfaction is one of the most researched attitudes in the literature of industrial and organisational psychology, social psychology and organisational behaviour (Grissom et al., 2013; Tnay et al., 2013). It has been defined as "feelings or affective responses to facets of the (workplace) situation" (Smith et al., 1969), while, organisational commitment is defined as "the degree to which an employee identifies with a particular organisation and its goals and wishes to maintain membership in the organisation" (Robbins and Judge, 2010). It represents the attachment that individuals form their employing organisations. On the contrary, turnover intention is defined as the reflection of "the probability that an individual will change his or her job within a certain time period (Sousa-Poza and Henneberger, 2002)." It adversely influences organisational effectiveness (Hom and Griffeth, 1995). Losing competent and experienced employees could represent great loss or disruption for a company. Hence, the retention of skilled and experienced workers is highly desirable for sustainable competitive advantage.

From the study, it was found that the job satisfaction of employees in pharmaceutical industries of Baddi is high as most of the employees are having high job satisfaction. Significant positive correlation was found between job satisfaction and organisational commitment for the total sample of employees. The relationship between job satisfaction and organisational commitment was found to be positive and significant for the total sample of employees, Also, job satisfaction and turnover intentions was found to be negative and significant for the total sample of employees whereas a negative correlation between organisational commitment and turnover intentions.

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