# JOB SATISFACTION AND INTENTION TO STAY AMONG EMPLOYEES OF IT SECTOR:

### A CASE STUDY OF COMPANIES IN DELHI AND NCR.

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#### ABSTRACT

The purpose of this study is to examine the relationship between components of job satisfaction and intention to stay among employees of companies in IT sector in India. Therefore this study could be a great contributor in the field of organization behaviour in IT Sector. The study begins with the purpose, background to the problem and need for the study and then go on to discuss the literature of job satisfaction, intention to stay and the relationship between them. The study generated an 85.7 percent response rate from 210 respondents. The study found that a strong positive correlation existed between job satisfaction and intention to stay of employees in IT sector. Further there was no significant difference between genders with respect to job satisfaction.

Keywords: Job Satisfaction (JoS) and Intention to Stay (IToS).

#### INTRODUCTION

Job satisfaction has been one of the most widely researched topics in Organizational behaviour and human resource management (Spector 1997). This is the area of keen interest among researchers because if an individual is satisfied at work then it would not only benefit the individual but also the organization in which he is working. Further, a satisfied employee at work place would be more committed and would like to stay in the organization rather than looking for alternative options in the form of alternative jobs. Thus, it is of great importance for the organizations to find out whether an individual is satisfied at work place or not because individuals' satisfaction would affect the turnover rate in the organization and ultimately the costs of the organization in terms of training costs, learning costs and costs of readjustment. Further, the productivity of the organization can also be affected as the job dissatisfaction can lead to absenteeism resulting into poor productivity. Thus, as per Awang et al. (2010), it is of great importance for organization to find out the

factors that can have impact over their employees' job satisfaction level as it would affect the performance of the organization as well.

No doubt IT sector is one of the important sectors from employment point of view in any developing economy. The job in IT sector is very demanding and competitive. There are various factors that affect the working environment in IT sector. Hence, there is a strong need to understand the factors that can result into job satisfaction among IT sector employees so that the desired steps can be taken to create conducive working environment for these employees so that they can not only get satisfied but can also give higher level of commitment by staying in the organization.

This study focused on the correlation between job satisfaction and intention to stay among employees of IT companies in Delhi and NCR. Being one of the biggest IT hubs in the country, companies in Delhi and NCR contributes significantly towards the employment generation in this region.

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#### BACKGROUND OF THE STUDY

Job satisfaction can be defined as the level of satisfaction derived by an individual after performing the job. "Job satisfaction is a pleasurable positive state resulting from one's job and job experience" (Locke, 1976).

Job satisfaction is achieved when an employee is satisfied at work because of factors like work environment, work culture, attitude of the superior or management, the peers, etc. However, these factors may not necessarily provide complete job satisfaction. Various models or theories have been put forth regarding job satisfaction. One of the important theories of job satisfaction has been the two factor theory i.e., Motivator - Hygiene Theory (Herzberg et al., 1959). It concentrates on satisfaction and motivation at work setting. According to this theory whereas the motivating factors lie in job content, hygiene factors lie in job context. Apart from this many other researches have been done on job satisfaction and human behaviour which have been discussed later on under the heading literature review. This research is undertaken in order to determine the relationship between job satisfaction and their intention to stay among IT sector employees.

#### PROBLEM STATEMENT

Normally, an employee is committed if he is really satisfied with his job and the satisfaction normally depends on what the employee gets from the job. In IT sector, it is interesting to find out whether the employees are satisfied with their job and whether their satisfaction has any relationship with their intention to stay. Hence, the problem statement of the research study can be stated as:

"To assess the relationship between job satisfaction and intention to stay among the employees of IT sector."

#### OBJECTIVES OF THE STUDY

- 1. To study the relationship between job satisfaction (JS) and intention to stay (ITS).
- To study the difference between genders with respect to job satisfaction (JS).

# LITERATURE REVIEW JOB SATISFACTION

As discussed earlier there are many models or theories that attempt to explain job satisfaction, but the two broad categories that seem to be more prominent in the literature are 'content theories' and 'process theories' (Rast & Tourani, 2012).

Based on Content theory, job satisfaction is gained when an employee feels that his job gives him the sense of growth and self-actualization. Content theories basically explain 'what motivates?' or 'what satisfies? These theories assume that all employees in the Organization have the same set of needs and therefore, predict the characteristics that should be present in the job. These theories emphasize on the factors and needs that encourage and inspire the behaviour as well as performance (Nel et al., 2004).

Whereas in the process theories, job satisfaction is explained by the extent to which an individual's expectations and values are met in a job (Gruneberg, 1979). These theories explain 'how motivation takes place or how satisfaction takes place?' These theories focus on employee's diverse set of needs and the cognitive process behind these diversities. These theories explain the process of how satisfaction takes place. These theories were the improvement over the content theories because they argued that anything can

satisfy rather than the set order of need that satisfies an individual in the hierarchy. A summary of these relevant theories has been shown in Table 1.1.

Category	Theory	Authors  Maslow (1943) Herzberg (1959) McClelland (1958) McGregor (1960) Alderfer (1969)	
Content	Need Hierarchy Theory Two- Factor Theory Power, Achievement, Affiliation Theory Theory X and Y ERG Theory		
Process	Expectancy Theory Equity Theory Goal Setting Theory	Vrooms (1964) Adams (1963) Locke (1968)	

Source: Rast & Tourani (2012)

Robbins and Judge (2009) describe job satisfaction as a positive feeling about a job. A person with a high level of job satisfaction holds positive feelings about his job, while a dissatisfied person holds negative feelings about his job.

Churchill et al. (1976) argued that job satisfaction is closely related to employees' behavioural performance in a sales context.

Satisfied employees are more likely to assist customers and make for satisfied customers (Locke & Latham, 1990).

Schneider (1975) found that job satisfaction is a primary reason for employees delivering good service.

According to Lok and Crawford (2001), job satisfaction is the variable which is very close to commitment.

Spector (2003), job satisfaction has correlation with enhanced job performance, positive work values, high levels of employee motivation, and lower rates of absenteeism, turnover, and burnout. Therefore, he argued that the managers in the Organization should be concerned with the level of satisfaction of their employees.

Robbins and Judge (2009) found that there is outcome of employees liking or disliking their jobs. The outcomes in the form of behaviour are divided into two dimensions: constructive and destructive. There are four responses which include exit, voice, loyalty, and neglect. Exit and neglect are meant for destructive behaviour whereas voice and loyalty is for constructive behaviour. Constructive or also known as active behaviour defined as a set of action that employee attempt to improve the situation or their performance. Exit response involves undesirable behaviour such as resigning or leaving the Organization. Neglect response involves passive behaviour such as absenteeism, poor commitment and reduced productivity. According to Robbins and Judge (2009) withdrawal behaviour is a set of actions where the employees tend to avoid the work and this behaviour may result into employee quitting the Organization.

Gruneberg (1979) posited that there are number of factors of individual differences like age, educational level, and personality difference that affect job satisfaction.

He commented that job satisfaction first increases, then decreases, and finally increases with the increase in age. According to Gruneberg (1979) the main reason for such trend is that individuals adjust the work life along with the age. Initially an employee has

high expectations from the job but when these expectations are not met, the job satisfaction starts declining but with the passage of time they start adjusting with the working environment and as a result the job satisfaction again starts rising. Singh (2012) studied employee satisfaction in HCL technologies and had similar conclusions.

#### INTENTION TO STAY

Intention to stay is one of the aspects of Organizational commitment. Organizational commitment is defined as "a strong belief in and acceptance of the Organization's goals and values; a willingness to exert considerable effort on behalf of the Organization; and a strong desire to maintain membership in the Organization" (Mowday et al., 1982).

Since, there has not been much literature on intention to stay, research on turnover is utilised to supplement the literature on intention to stay. Intention to stay refers to the desire to remain with the current job (Larrabee et al., 2010).

Employees with high commitment are loyal to the Organization, share its values, and identify with the goals of the Organization (Mowday et al., 1982).

Continuance Organizational commitment is the concept where the individuals do not leave a company for fear of losing their benefits, taking a pay cut, and not being able to find another job (Murray et al., 1991). Thus, continuance commitment is nothing but the intention to stay.

Meyer &Allen (1991) developed a three component model of commitment. According to their model the commitment to an Organization is a psychological state, and it has three distinct components that affect 'how employees feel about the Organization that they work for.'

The three components are:

- Affection for the job i.e., effective commitment
- Fear of loss i.e., continuance commitment.
- Sense of obligation to stay i.e., normative commitment

## JOB SATISFACTION AND INTENTION TO STAY

Irving et al. (1997) found that job satisfaction was positively related to affective and normative commitment (with a stronger relation between satisfaction and affective commitment), but not with continuance commitment. Similar result was found by the study by Rajendran and Raduan (2005) which showed that the job satisfaction has a positive relation with affective and normative commitment.

Job satisfaction appears to be associated with turnover intention (Angle & Perry, 1981; Shore & Martin, 1989).

However, some researches show job satisfaction as an independent variable causing intention to leave or stay (Ali, 2008). According to Brough and Frame (2004) job satisfaction is a strong predictor of turnover intention.

Rahman et al. (2008) found that job satisfaction had negative causal impact on intention to leave of IT professionals.

Korunka et al. (2005) also found a significant negative association between job satisfaction and turnover intention.

A study of U.S., Japanese, and Korean samples conducted by Dubinsky et al. (1990) also found a significant relationship between job satisfaction and Organizational commitment.

Mowday et al. (1982) argued that Organizational commitment is the bond between the employee and the Organization and the work attitudes of job satisfaction and Organizational commitment are important in making employees' intention to stay or leave.

Apart from it, many other researches also have been conducted on the relationship between Organizational commitment and job satisfaction. For instance, Malhorta and Mukerjee (2004) found a positive association between job satisfaction and Organizational commitment.

However, Moser (1997) considers job satisfaction a causal variable as its absence can lead to lethargy and reduced Organizational commitment.

The review of literature also found the importance of job satisfaction and intention to stay in the Organization. The review traces the various factors which affects the job satisfaction of an individual in the Organization. It also finds reasons for employees' intention to stay or leave the Organizations. Further, the strong association was found between job satisfaction and intention stay (Dubinsky et al., 1990). On the basis of review of literature and objectives of the study the following hypotheses were formulated.

#### HYPOTHESES

HO1: There is no significant correlation between job satisfaction (JS) and intention to stay (ITS).

Hal: There is a significant correlation relationship between job satisfaction (JS) and intention to stay (ITS).

HO2: There is no significant difference between males and females with respect to job satisfaction (JS).

HA2: There is a significant difference between males and females with respect to job satisfaction (JS).

#### SCOPE AND LIMITATIONS

The research is conducted on employees of IT sector. Thus, the results may not be generalized to other professions or in other sectors. Further the data is being collected over the period of 2 years which is lengthy period and the dynamics of any organization can change over such a period. Moreover the study is limited to establish the correlation between job satisfaction and intention to stay and didn't go for finding the causal relationship between them as it can be explored in further study.

#### RESEARCH METHODOLOGY

The research methodology involves the administration of questionnaire on the population of IT sector companies in Delhi and NCR.

## TABLE 1.2: SECTOR AND NAME OF THE ORGANIZATIONS

Name of the Sector	Name of the Organization
	Agilent Technologies
IT	Steria India Ltd
	Royal Bank of Scotland (RBS) - IT division

A pilot study had been conducted on 40 employees to test the validity and reliability of the instrument. Data was analysed using descriptive analysis, factor analysis using SPSS 20.0 and AMOS 20.0.

'Job satisfaction' scale has seven items which have been adapted from the scale given by Bayfield and Rothe (1951). The measuring instrument has five categories of responses on likert scale ranging from 1 to 5 (1 for strongly disagree and 5 for strongly agree). Two of the questions which were negatively phrased were reverse coded.

'Intention to stay' scale has seven items for measuring Intention to stay which were adapted from continuance component model of commitment; revised version (Meyer & Allen, 2004; Meyer et al., 1993). The measuring instrument has five categories of responses on likert scale ranging from 1 to 5 (1 for strongly disagree and 5 for strongly agree). Three of the questions which were negatively phrased were reverse coded.

#### THEORETICAL FRAMEWORK



Figure: 1.1: Theoretical Framework

# ANALYSIS AND RESULTS DESCRIPTIVE STATISTICS

Out of the 210 questionnaires distributed to employees, 180 were completed and used for analysis. Out of the 180 respondents, 48 were female and 132 were male. 57 of the respondents hold a Master degree, 74 graduation degrees 47 have Professional degrees while two have Doctorate's degree.

A majority of them have experience below 5 years. In terms of marital status 100 were marrie, 80 were single.

#### RELIABILITY TEST

Reliability means that a measure or the questionnaire should consistently reflect the construct that it is measuring. Cronbach's  $\alpha$ , is the most common measure of scale reliability (Field, 2009). Kline (1999) argued that although the value of 0.8 of Cronbach's alpha is generally acceptable for cognitive tests such as intelligence tests, but for ability tests the value of 0.7 or above is more suitable. Reliability level for each variable was determined using Cronbach's Alpha. The alpha value for each variable exceeded 0.7 and this is considered acceptable for further analysis.

## TABLE 1.3: ITEM WISE CRONBACH'S ALPHA OF JOB SATISFACTION (JOS)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
JS1	21.42	16.004	0.627	0.733
JS2	21.13	17.119	0.696	0.729
JS3	21.87	19.666	0.205	0.816
JS4	21.33	16.755	0.653	0.732
JS5	21.30	16.992	0.520	0.756
JS6	21.34	16.549	0.677	0.727
JS7	21.88	18.405	0.320	0.798

### TABLE 1.4: ITEM WISE CRONBACH'S ALPHA OF INTENTION TO STAY (ITOS)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
ITS1	20.80	23.782	0.614	0.803
ITS2	20.44	26.704	0.389	0.835
ITS3	20.89	21.387	0.687	0.789
ITS4	21.47	25.074	0.456	0.828
ITS5	20.46	24.533	0.603	0.805
ITS6	20.65	22.039	0.709	0.785
ITS7	20.70	23.786	0.594	0.806

### RELATIONSHIP BETWEEN JOB SATISFACTION (JOS) AND INTENTION TO STAY (ITOS)

#### **Hypothesis One**

HO1: There is no significant correlation between Job Satisfaction (JoS) and intention to stay (IToS)

Table 1.5 shows that P<0.05. Thus, the null hypothesisHO1 i.e., there is no significant correlation between job satisfaction (JoS) and intention to stay (IToS) is rejected and alternate hypothesis HA1 i.e., there is significant positive correlation exist between job satisfaction (JoS) and intention to stay (IToS) is accepted at r=0.749.

TABLE 1.5: CORRELATIONS OF JOS AND ITOS (IT)

		JoS	IToS
-	Pearson Correlation	1	0.749
	Sig. (2-tailed)		0.000
JoS	N	180	180
	Pearson Correlation	0.749**	1
IToS	Sig. (2-tailed)	0.000	i ma
	N	180	180

Thus, as seen above, in IT sector job satisfaction and intention to stay have high correlation (r=0.749) (table 1.5).

#### CONFIRMATORY FACTOR ANALYSIS

All the items of Job satisfaction and Intention to stay i.e., JoS, and IToS were put into AMOS model in CFA and the items which were not explaining the construct properly were dropped for the improvement of the model. As a result figure 1.2 was arrived at. It can be seen from the figure 1.2 that the correlation between Job Satisfaction (JoS) and Intention to stay (IToS) became 0.95.

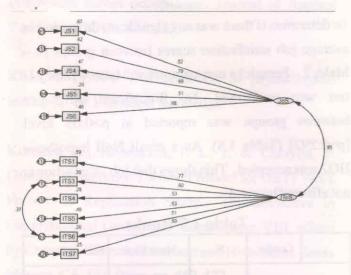


FIGURE 1.2: CFA AMOS MODEL OF JOB SATISFACTION (JOS) AND INTENTION TO STAY (ITOS).

Table 1.6: Model fit Summary

Model	CMIN/DF	GFI	IFI Delta2	TLI rho2	CFI
Default model	2.591	0.861	0.916	.833	0.915

Model	CMIN/DF	GFI	IFI Delta2	TLI rho2	CFI
Saturated model		1.000	1.000		1.000
Independence model	16.562	0.294	0.000	.000	0.000

The results of model fit for the two factor model indicated acceptable model fit to the data as standards as per Iacobucci (2010) were more than met. (CMIN/df = 2.591, GFI=0.861; IFI=0.916; CFI=0.915; (Table 1.6).

### RELATIONSHIP OF JOB SATISFACTION WITH RESPECT TO GENDER

#### **HYPOTHESIS TWO**

HO2: There is no significant difference between genders with respect to job satisfaction.

To determine if there was any significant difference in average job satisfaction scores between groups (1 – Male, 2 – Female) a non-parametric Mann Whitney U test was performed. No Significant difference between groups was reported at p>0.05 level [p=0.292] (Table 1.8). As a result Null hypothesis HO2 was accepted. This shows that Job satisfaction is not affected by gender.

Table 1.7 Ranks

138	Gender	N	Mean Rank	Sum of Ranks
	Male	132	88.4	11621.50
JoS	Female	48	97.26	4668.50
	Total	180	na III tan	M :0 I old

Table 1.8 Test Statistics<sup>a</sup>

	JoS
Mann-Whitney	2843.50
U Wilcoxon W	0 11621.500
Z	-1.054
Asymp. Sig. (2-tailed)	0.292

a. Grouping Variable: Gender

#### CONCLUSIONS

Results of the study confirmed that job satisfaction has a strong positive correlation with intention to stay. In IT sector, just as in other organizations, committed employees are the organizations 'vital assets. As a result the Organizations should try to satisfy employees because if they are satisfied then there would be high commitment and intention to stay in the organization on their part otherwise they would always look for jobs in another organizations. As result the organizations would have high turnover of employees and they have incur costs in terms of not only training costs but also in terms of adjustment cost of new employees. Thus keeping employees satisfied is in the interest of the organization itself as they going to gain more if employees in their organization are satisfied. Since relationship with peers, work climate etc. are also significant factors, programmes like team building may also assist in improving and enhancing relationships among employees contributing to their satisfaction.

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