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EPRA International Journal of
Multidisciplinary Research

Monthly Peer Reviewed & Indexed
International Online Journal

Volume: 4 Issue: 2 February 2018

Published By:
EPRA Journals

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JOB SATISFACTION, COMMITMENT AND TURNOVER INTENTIONS AMONG RANK AND FILE EMPLOYEES: EVIDENCE FROM SELECTED BUDGET HOTELS IN ORIENTAL MINDORO, PHILIPPINES

ABSTRACT:
For any organization to have competitive advantage, it needs a highly committed, dedicated, focused and well-engaged workforce. Manpower is very instrumental in the success of any service industry. However, with today’s baby boomer generation beginning to retire from the labor market, many companies are finding it increasingly difficult to retain employees. Turnover can be a serious problem in today's corporate environment as it is now relatively common to change jobs every few years, rather than grow with one company throughout the employment life. It is in this context that this research was conducted to determine job satisfaction dimensions among rank and file employees in selected budget hotels in Oriental Mindoro, Philippines, thereafter correlate it with organizational commitment and turnover intentions. The study made use of descriptive-correlational research design with fifty rank and file randomly selected respondents from five budget hotels in Oriental Mindoro. A four-page survey questionnaire was used to gather the relevant information. The results of the study showed that the five job satisfaction dimensions are all very important to the respondents. However, of the five dimensions compensation was considered to be of utmost importance. As regards the level of commitment, normative commitment got the highest mean score while continuous commitment got the lowest rating. Results of the study also indicate that compensation is negatively related to continuous commitment while career development is positively related to affective commitment. On the other hand, only two job satisfaction dimensions such as career development and job nature are negatively related to turnover intentions. Lastly, the study revealed that no relationship exists between organizational commitment and turnover intentions.

KEY WORDS: Job satisfaction dimensions, Organizational commitment, Turnover intentions, Budget hotels, Rank and file employees

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1. INTRODUCTION

For any organization to have a competitive advantage, it needs a highly committed, dedicated, focused and well-engaged workforce. Manpower is very instrumental in the success of any service industry. Higher productivity and excellent performance cannot be realized without the support of the employees. Hence, developing and retaining them in the organization will now be the biggest challenge, particularly in the hotel industry where labor turnover is very high. Employers today are finding that employees remain for approximately 23 to 24 months only with a company, according to the 2006 US Bureau of Labor Statistics. High labor turnover causes problems for business. Employee turnover is very costly, especially if it is among the highly skilled employees (Niederman and Summer, 2003) and tends to get worse if not dealt with. It is more serious with the technical employees in Bangalore, with 8% per month or 96% per year (Kwantes, 2009) and in India which is 100% (Lacity, 2008). Likewise, Andrews (2010) stressed that "staff turnover blew for Gulf firms" which resulted to millions of dollars loss due to volatile turnover.

Recently, many firms have outperformed the competition by attracting, developing and retaining people with business-required talent (Joo & McLean, 2006). Turnover has been a critical issue because it affects the financial performance (Lambert et al., 2001). Turnover may result in the shortage of staff for a project or leave the remaining staff unprepared to absorb the job left (Philips, 2003). Turnover rate varies significantly by industry. The private sector average turnover for twelve months ending August 2004 was 25.1% with leisure and hospitality, 46.4% and retail trade, 33.2% (EPF Newsletter, 2004)

Though, many researchers have conducted studies using job satisfaction, commitment and turnover intention as variables, many of these used only affective as a single measure of organizational commitment (Lee and Bruvold, 2003; Feather and Rauter, 2004; Joo and Park, 2010). Hence, the purpose of the study is to investigate the relationship of job satisfaction and organizational commitment to turnover intentions among the rank and file employees in the hotel industry in Oriental Mindoro, Philippines.

2 LITERATURE REVIEW

2.1 Job Satisfaction

Job Satisfaction is a collection of numerous attitudes of individuals toward various aspects of jobs which represent the general attitude (Gibson et al., 1994; Hellriegel and Slocum, 2004; Robins, 2005; Boles et al., 2007; Sangroengrob and Techachaicherdchoo, 2010). For Demir (2002), job satisfaction of employees refers to the "feel of contentment and discontentment for a job". It is a pleasurable or positive emotional state resulting from the appraisal of one's job (Locke 1976) cited in Brief & Weiss (2002) and an affective reaction to one's job or job experiences (Cranney, et al. 1992 cited in Weiss, 2002).

2.2 Organizational Commitment

With the current trend in the hotel industry, there is a necessity then to look into the context of employees' job satisfaction and levels of commitment so as to combat the challenges posed by turnover intentions. Since the development of the three-component model, commitment is now a well-recognized multidimensional construct (Meyer et al., 2002) and a leading model in various organizational commitment research, like that of Cohen (2003); Benten, Vandenberg, Vandenbergberge & Stinglehamber, (2005) & Bergman, (2006). Meyer & Herscovitch (2002), broadly defined commitment as a force that guides a course of action towards one or more targets. It has been theorized that commitment is multidimensional construct and that the antecedents, correlates and consequences of commitment vary across dimensions. The three component model focuses on normative commitment (employee's perception of their obligation to the organization); continuous (employee's perception of the cost associated with leaving the organization); and affective (emotional attachment to or identification with their organization) (Meyer et al., 2002).

2.3 Turnover Intentions

The cost of turnover to an organization can be very high, especially to service-intensive business like that of hotel industry. It might be harmful to a company's productivity if skilled workers are leaving and only a high percentage of the novice is left. The cost of learning, reduced morale, pressure on the existing employees and loss of social capital are the indirect cost of an organization due to high turnover (Des and Shaw, 2001; Ali, 2008). The purpose of the study is to determine the relationship of job satisfaction, commitment to turnover intention and not to the actual turnover. Tett and Meyer (1993) as cited in Samad (2006) defined turnover intentions as conscious, willingness to seek for other alternatives in other organizations. Price (2001) suggested turnover intentions construct as an alternative in measuring actual turnover.

2.4 Job Satisfaction and Organizational Commitment

A study on the relationship between job satisfaction and organizational commitment of employees at a national restaurant chain in Southern Nevada was conducted by Feinstein and Harrah (2000). The results of the study indicate that tenure had a significant ($\alpha$=.05) effect on several of the component scores for satisfaction. Further, satisfaction with policies, compensation, work conditions, and advancement were found to have a significant relationship to organizational commitment. The study phase of Klaus et al., (2003) cited in Sangroengrob and Techachaicherdchoo (2010), found out that a challenging work has an im-
pact on affective commitment but employees with continuance commitment partially stay with the organization.

2.5 Job Satisfaction and Turnover Intention

Studies showed that job satisfaction is one of the reasons for employees’ intentions to leave the organization (Price 2001). Many studies were conducted in different settings to support the claim of Price. Meland et al., (2005) pointed out that there is a relationship between employees’ job satisfaction and turnover. Khatri and Fern (2001) concluded that a modest relationship existed between job satisfaction and turnover intentions. Likewise, Samad (2006) cited in Ali (2008) found a moderate relationship between job satisfaction and turnover intentions.

2.6 Organizational Commitment and Turnover Intention

A study on the effects of job satisfaction and organizational commitment to turnover intentions among the flight attendants of a Taiwanese Airline Company was conducted by Ching-Fu Chen (2006). Results of logistic regression analysis showed that two aspects of organizational commitment, the normative and continuance, as well as the job-self satisfaction were found to have significantly negative impact on the flight attendants’ turnover intentions. In addition, wage and marital status were found to be significant predictors of turnover intentions. On the other hand, Lacity et al., (2008) concluded that the organization’s commitment is one of the significant factors which has an impact on turnover intentions.

3 STATEMENT OF HYPOTHESIS

Keeping in view the above discussion of variables, the following hypotheses are generated.

H1: There is a relationship between job satisfaction dimension and organizational commitment.

In a study conducted by Nielsen & Smyth (2006) from 10,000 Chinese urban workforce, the three top ranked incentives that employees considered when choosing a job were stability, high income and professional development. Over 40% of the sample considered job stability to be in the top; one-third considered high income and the rest, professional development. Workplace and immediate professional status were the least important.

Other researchers identified job satisfaction dimensions and emerged on similar findings. Souza-Poza (2000) identified pay as a predictor of job satisfaction, that monetary compensation is positively associated with job satisfaction. Tutuncu and Kozak (2006) research study of Turkish Hotels identified factors contributing to job satisfaction were: work itself, supervision and recognition through promotion. Onu, Madukwe & Agwu (2005) identified job content, work environment as key factors that affect job satisfaction. Lastly, De Vaney & Chen (2003) found that co-workers’ relation was a strong determinant of job satisfaction.

H2: There is a significant negative relationship between job satisfaction and labor turnover intentions.

A negative association exists between job satisfaction and turnover intentions. (Selvarajan (2005)). Another study on job satisfaction and intent to turnover was conducted by Choi & Sneed (2006) among part-time student employees in University Dining Services. The researchers used regression model to determine the relationships among variables. Results indicate that job satisfaction is inversely related to intent to turnover. The researcher is interested to know if the results of the previous studies also apply to the rank and file employees of selected budget hotels in Oriental Mindoro.

H3: There is a significant negative relationship between organizational commitment and labor turnover intentions.

In a study steered by Joo & Park (2010) among Korean employees, results indicate that career/job satisfaction and organizational commitment turn out to be the predictors of turnover intention. Employees exhibited high career/job satisfaction and organizational commitment. The study of Sangroengrob and Techachaicherdchoo (2010) showed that job satisfaction and organizational commitment have no direct effect on turnover intention. Meanwhile, work commitment was found to have a significant effect on the turnover intentions of IT professional. The study of Baotham, Hongkhuntod & Rattanajun (2010) investigated the relationships between job satisfaction and organizational commitments on voluntary turnover intentions of the Thai employees in the New University. The results showed that job satisfaction and organizational commitment have a direct negative influence on voluntary turnover intentions. The present study is an attempt to find out the correlation between organizational commitment and turnover intentions among budget hotels’ rank and file employees in Oriental Mindoro.

4 METHODOLOGY

The main objective of the study is to determine the job satisfaction dimensions and level of organizational commitment of the rank and file employees in five selected budget hotels in Oriental Mindoro. Thereafter, correlate the variables to turnover intentions to find out if job satisfaction and organizational commitment are predictors of turnover intentions.

The study made use of the descriptive-correlational research design. The descriptive method was used to answer research questions 1-4 while the correlational research was utilized to explain the relationship among variables. The researcher made use of fifty rank and file employees who are already permanent and full time in the hotels to be able to get a more plausible response and minimize biases for the company. Random sampling was used in the selection of samples. The researcher made use of a four-page survey questionnaire to gather the information needed to
achieve the desired objectives of the study. To determine the level of organizational commitment, the researcher adapted the Organizational Commitment Questionnaire developed by Meyer & Allens (1997) cited in Brown (2003). However, few modifications were made to fit into the research questions. The questionnaire was structured into four parts. Considerable effort was expended to ensure that the questionnaire is clear and easy to answer. The five-point Likert numerical scale (Burns & Burns, 2008) with 5 as the highest and 1 as lowest was used. Each numerical scale had its corresponding statistical limits and verbal descriptions. The reliability of the scale was assessed using the Cronbach’s Alpha method.

4.1 Findings

4.1.1 Respondents’ Profile

To address the issue, the researchers made use of 50 randomly selected respondents. From the 60 survey questionnaires distributed, only 50 were considered valid. Results of the survey showed that majority of the respondents are from 25-35 years of age. As regards length of service, about 53% of them are in the organization for 1-5 years; 35% for 6-10 years and only 12% employed for 11-15 years. About 57% of the respondents are females.

4.1.2 Job Satisfaction Dimensions

Table 1 shows the mean perception profile of the respondents on job satisfaction dimensions. It can be noted that compensation seems to be of utmost importance to them as evidenced by mean score of 4.94; it was followed by career development and job nature obtaining the same mean scores of 3.66. Recognition got the lowest mean rating (3.52). Given a very young group of respondents, about 25-35 years of age, basically, they will be rating compensation with utmost importance. In an interview with some respondents, they emphasized that they are willing to stay in their present work even if the compensation does not meet their expectations as long as there is an opportunity for career development and the nature of their job will give them enough experience to grow.

<table>
<thead>
<tr>
<th>Job Satisfaction Dimensions</th>
<th>Mean</th>
</tr>
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<tbody>
<tr>
<td>Compensation</td>
<td>4.94</td>
</tr>
<tr>
<td>Recognition</td>
<td>3.52</td>
</tr>
<tr>
<td>Career Development</td>
<td>3.66</td>
</tr>
<tr>
<td>Job Nature</td>
<td>3.66</td>
</tr>
<tr>
<td>Job Relationship</td>
<td>3.60</td>
</tr>
</tbody>
</table>

4.1.3 Level of Commitment of the Respondents

Shown in table 2 are the levels of commitment of the respondents. Of the three types of commitment, normative got the highest mean score of 4.37 which indicates that the respondents are moderately com-mitted. They believe that a person must be loyal to the organization and must stay in one organization for most of their career. For them, moving from one organization to another organization very often has been unethical. On the other hand, affective commitment obtained a mean score of 3.88. This is a reflection that respondents also care about the fate of the organization. Moreover, they feel that they are also “part of the family” in the organization. Lastly, continuous commitment obtained the lowest mean score of 3.31 which only proves that the respondents stay in the organization because it is very hard for them to leave even if they want and staying for them in the organization is a matter of necessity rather than a desire.

<table>
<thead>
<tr>
<th>Level of Commitment of the Respondents</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affective Commitment</td>
<td>3.88</td>
</tr>
<tr>
<td>Continuous Commitment</td>
<td>3.31</td>
</tr>
<tr>
<td>Normative Commitment</td>
<td>4.37</td>
</tr>
</tbody>
</table>

4.1.3 Job Satisfaction dimensions influenced on Organizational Commitment

It can be gleaned from the table that compensation is negatively related to continuous commitment as indicated by the computed r-value of -0.344 which exceeded the critical p-value of .273 at 48 degrees of freedom and at .05 level of significance. It only implies that even if the compensation is low, the respondents are still committed primarily because of the difficulty in finding jobs in the province, fear of losing jobs and simplicity in style of living. Seemingly, results revealed that career development is positively related to affective commitment as indicated by the computed r-value of 0.316 which exceeded the critical p-value of .273 at .05 level of significance. This means that career development can influence organizational commitment. Respondents really care about the fate of the organization because they can feel that they are part of it. However, no relationship can be found for other dimensions as their computed r-values were all below the critical p-value of .273. Therefore, it can be said that the level of commitment of the respondents are not dependent on recognition, job nature and relationship.
4.1.4 Job Satisfaction Dimensions influence on Turnover Intentions

It can be gleaned from Table 4 that only two dimensions are negatively related to turnover intentions. These are career development and job nature with computed r-values of -0.278 and -0.394 respectively. Figures imply that the respondents’ commitments are predicted by career development and job nature. Further, respondents will only be committed if they can see that they will grow career wise in the organization or the nature of their jobs will give them enough skills and experience. The findings were supported by that of Choi and Sneed (2006).

4.1.5 Organizational Commitment’ influences on Turnover Intentions

It can be observed from Table 5 that no relationship exists between organizational commitment and turnover intentions. This is indicated by the computed r-values of affective (-0.059); continuous (-0.016) and normative (.0477) which are all below the computed p-value of .273 using .05 level of significance with 48 degree of freedom. Results imply that organizational commitment is not a predictor of turnover intentions, that employees will leave the organization if they find better opportunities. Likewise, commitment will not keep employees in the company. The result of the study supports the findings of Sangroengrob and Techachaicherdchoo (2010).

5. CONCLUSIONS AND RECOMMENDATIONS

The results of the study showed that the five job satisfaction dimensions are all very important to the respondents. However, of the five dimensions compensation was considered to be of utmost importance. As regards the level of commitment, normative commitment got the highest mean score while continuous commitment got the lowest rating, which only proves that respondents stay in the organization because of the difficulty in finding a job considering they are in the province. The results of the study also indicate that compensation is negatively related to continuous commitment while career development is positively related to affective commitment. On the other hand, only two job satisfaction dimensions such as career development and job nature are negatively related to turnover intentions. Lastly, the study revealed that no relationship exists between organizational commitment and turnover intentions. This only proves that commitment will not keep employees in the organization. Based on the conclusions drawn, it is recommend that the organizations should review their current human resource practices for the purpose of enhancing the organizational commitment of the employees and minimizing turnover among them. The employers should create an environment in which employees are truly committed and they will stay in the organization because of desire and not of necessity. Employees who are satisfied with their jobs are most likely to be committed and will stay longer in the organization.

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