Factors affect Turnover Intention of Bangkok Air Conditioning Company

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Abstract—This study aims to elaborate the human resource department of a Bangkok air conditioning company to understand how to improve the turnover intention of employees based on their perception towards the company. Based on dual relationship, the first examines the relationship between environmental factors and job satisfaction. The second is the relationship between job satisfaction and turnover intention. Turnover intention revealed the likelihood of leaving the current job by an employee. If turnover rate of skilled professionals was high, the organization might lose the human capital, such as skill, knowledge, and trained human resources to his competitors. Thus, turnover of these individuals incurred both replacement costs and a competitive loss of this company. This research studied factors influencing employees’ turnover intention. A total population of 400 questionnaires was quantitatively distributed in an Air Conditioning Company located in Bangkok only. Census survey was adopted. The influences of perception, job satisfaction, and turnover intention were identified through structural equation modeling (AMOS) version 20. The casual relationships among working condition, salary and incentives, supervision, nature of work, career opportunities, job satisfaction, and turnover intention were also confirmed.

Keywords—Service quality perception, job satisfaction, turnover intention, air conditioning, Bangkok (Thailand)

I. INTRODUCTION

NOWADAYS, the employees’ job satisfaction is a major component of organization performance that they concern about. If the organization increases employees’ job satisfaction, employees are willingly to do their jobs better and also will serve their customers in a better way? Likewise, [25] mentioned that one of the most important organizational objectives is employees’ job satisfaction. The organization cannot reach competitive levels in both product and service quality towards customers’ needs if their workers do not feel satisfied with their jobs.

The employees’ job satisfaction is a vital component in a company’s ability in order to maintain profitability and continued success in business.

Furthermore, employees’ job satisfaction has been shown as one of the best predictors that influence on organizational performance and achievement of organizational goal. Management believed that employees are involved in the success or failure of an organization, thus the consequences of this belief lead them to value their employees as an important element of the organization. No organization can guarantee uniformity in satisfaction and understanding the ways in which workers respond to their job satisfaction.

In contrast, one of the variables linked with absenteeism and turnover intention is dissatisfaction [24]. Additionally, [15] also stated that the characteristics of dissatisfaction lead to various aspects of work such as low productivity, high absenteeism, and high labor turnover. Therefore, the company has to understand how to deal with their employees in order to retain qualified employees, achieve company’s growth and success in the business. Thus, this study focus on the factors affecting the employees’ job satisfaction of ABC incorporated, Bangkok, Thailand. The importance of employees’ job satisfaction is related to lower turnover rate, enhance employee retention, and higher productivity. Thus, this study is very useful to ABC Incorporated because it can assist the management to imply the effort and interest in order to retain good employees to work with the company and increase employees’ job satisfaction.

II. LITERATURE REVIEW

A. Job Satisfaction

At present, there is no consistent definition for job satisfaction [18]. There are various definitions for job satisfaction. It can be defined as a multi-concept that consists of favorable and unfavorable feelings that employees perceive on their job [5]. Moreover, job satisfaction can be defined as the characteristics of the job itself and the work environment in which employees may find rewards, satisfaction, or conversely, the dissatisfaction [4]. In addition, [2] has stated that job satisfaction is the attitudes towards the organization, co-workers, job and other psychological objects among workers in the work environment. Furthermore, [17] defined

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job satisfaction as the factor relates to workers’ opinions regarding their jobs and their employees. In addition, job satisfaction is referred to the positive emotion resulting from the appraisal of one’s job characteristics and experiences. In general it can be referred to pay, nature of work, career opportunity, supervision and co-workers. [7] had a similar concept that job satisfaction is a set of feeling and beliefs of a person’s attitudes towards their current job. Also, the level of satisfaction can range from extreme satisfaction to extreme dissatisfaction. In this study, job satisfaction is referred to the relationship between what a person wants from his or her job regarding the personal accomplishment, ability to apply for work and freedom to state opinions in order to take independent action when needed.

B. Factors Affecting Employee Satisfaction

For several years, many studies have classified and determined the factors that influence job satisfaction. [6] also stated that employees’ perceptions towards salary, career opportunities, supervisors, and employees’ performance have significant effect towards job satisfaction. Moreover, [10] and [22] mentioned that the work environment is one of the factors that influence the level of satisfaction and dissatisfaction among employees. In support, [3] also suggested that work content which comply of age, gender, educational attainment, working conditions, colleagues, compensation and working policies are the factors related to job satisfaction. [13] also said that job satisfaction is a worker’s sense of personal accomplishment and success towards their job. It is directly linked to the personal well-being and productivity. Moreover, job satisfaction is the key component that leads to pay, career opportunity, and the achievement of other goals that lead to a feeling of achievement. In this study, the independent variables are the factors affecting the employees’ job satisfaction which are working conditions, salary and incentives, supervision, nature of work and career opportunity. The definitions of independent variables are shown as the following:

B.1 Working conditions: Working conditions is defined as the factors that related to work including the physical environment of the job, buildings, facilities, equipments, space and general appearance of the work place [11]. In this study, working conditions are referred to appearance of working environment, equipment to support work, suitable buildings and convenient space to provide good working environment and location where it is convenient to commute.

B.2 Salary and incentives: Salary and incentives are defined as employees’ perception towards salary, compensation and benefits [20]. Likewise, [1] has mentioned that there are a variety of salary and incentives that will satisfy the employees’ personal goal such as salary, benefits, allowance, bonus and financial rewards. In this study, salary and incentives are referred to present salary, bonus, allowances and sufficient benefits provided from the company.

B.3 Supervision: Supervision is defined as the act of caring and making effort in order to understand the specific needs of employees [20]. In this study, supervision is referred to gives praise and appreciation when employees do work well, care for one another’s feelings and allow employees to give their feedback.

B.4 Nature of work: Nature of work is defined as the actual content of job requirements in different aspects of works [8]. In this study, nature of work is referred to the work itself that meet expectation, personal satisfaction of completing a job and the opportunity to work independently.

B.5 Career opportunity: Career opportunity is the career advancement for worker and this promotional opportunity is related to working performance [10]. [27] has a similar concept that career opportunity is the workers’ objectives to perform their particular job and accomplish as a rewards for their contribution. In this study, career opportunity is referred to the fairness in evaluating employees’ performance, promotion policy and giving employees individual attention.

The Motivation-Hygiene Theory

[10] Proposed the job satisfaction theory known as the motivation hygiene theory or two-factor theory. This theory is based on the differences between motivation factors and hygiene factors and how they relate to satisfaction and dissatisfaction. According to Herzberg’s Motivation-Hygiene Theory, hygiene factors are the factors that involve job context which consist of seven components. Factors that involve with hygiene factors tend to lead to job dissatisfaction. In contrast, motivation factors are the factors that involve job content which comply of six job components. Factors that involve with motivation factors tend to lead to job dissatisfaction.

People have different needs which lead to their motivation in order to perform their jobs. Thus, motivation factors are the
primary cause of job satisfaction which related directly towards the work performance.

C. Effecting Factors of Turnover Intention

To sustain employees, the firm needs to attract, select, and retain careful, practical, committed and engaged employees [14]. In continuous research, [16] indicates the relationship between management commitment to service quality and organizational results. Our results indicated that effective employee involvement was a common predictor of customer perceptions of service performance and employee job satisfaction. Moreover, management commitment was positively related to effective employee involvement, and this involvement was positively associated with employee job satisfaction and customer perceptions of service performance. In addition, effective employee involvement fully mediates the relationship between management commitment to service quality and organizational outcomes. Effective employees implicated provided a suitable channel for diverting management commitment to service quality into favourable organizational results. Therefore, this finding contributes the missing link between management commitment and organizational outcomes in the previous literature on service marketing.

III. MODEL DEVELOPMENT AND HYPOTHESES

This conceptual framework originated from a simple combination of two models. Firstly, the Relationship Model between Service Quality and Customer satisfaction by [19] and secondly, job satisfaction Model on turnover Intention [12].

The first model is to examine the relationship between five factors comprising working conditions, salary and incentives, supervision, nature of work and career opportunity and customer satisfaction affect job satisfaction. Employee satisfaction was a dependent variable.

**Hypothesis 1:** Working conditions, salary and incentives, supervision, nature of work and career opportunity toward the selected air conditioning company environment has positive influence on employees’ job satisfaction.

The second model shows that job satisfaction results on turnover intention. The job satisfaction part affected the organization culture as indicated in the literature. [9], said the opportunity of employment increased the chances for consideration and enhances dissatisfaction. [26] mentioned that job satisfaction and performance were the only variables to suggest important offerings to turnover intention forecasting. The model indicated was used to study job satisfaction and turnover intention at a nursing hospital in Korea and to evaluate the relationship with organizational culture job satisfaction, and turnover intention. The measurement used structural equations modeling various cultures, the agreement with cultures and that rational cultures gave considerate results. The result was positive and related to the nurses’ job satisfaction. Additionally, agreement with culture indicated the strongest negative related turnover intention of the nurses, whereas hierarchical culture indicated the positively related, and this study helped managers know how to improve nurse satisfaction for reducing turnover.

**Hypothesis 2:** Job satisfaction towards the selected air conditioning company environment has positive influence on employees’ turnover intention.

IV. DATA COLLECTION AND RESPONDENTS

The target population was the definite group of components or objects processing information that researcher proposed to examine [29]. In this study, employees working in Air Conditioning Company were the target population as respondents. To establish validity, questionnaire and its revision had been confirmed with managers of both human resource development and marketing departments.

The respondents of Air Conditioning Company were categorized into three levels; Management Level was the first line of employees who performed as department heads and also reported directly to the Managing Director: Supervisory Level was the second line who were responsible for the unit functions and reported directly to the Management Level of their individual department, whose job could be either supervisor or assistant division manager; Operational Level was the third line who reported directly to Supervisory Level personnel. The total of 355 persons are derived from 45 dealer sales, 40 from special project, 60 general sales, 35 installation, 30 customer services, 80 service and spare parts, 5 human resource, 5 general administration, 25 accounting and finance, 15 credit control, and finally 15 from information technology department.

About 30 temporary employees (hired monthly basis) who worked only three months: or employees below the official level and did not work at the Bangkok office were not included in any tests. This study also excludes 15 comprising 5 persons are management level (who had business overseas trip), 2 persons Product and Training (in session), 3 persons
This article gathers data from 89% of total employees of an air conditioning company in Bangkok to explicate the use of structural equation modeling with Amos 20.0 [23] to test perception of employees of Air Conditioning Company in Bangkok towards environmental service provided and to consider job satisfaction as an intervening variable. In doing so, the results not only confirm the reliability of [23] as well as [20].

Census Survey
A survey is a data collection activity involving a sample of the population. A census collects information about every member of the population. Surveys are less expensive to conduct than censuses because the survey doesn’t attempt to collect data from 100% of the people. Because of that, they might be taken more frequently and can provide information updates between censuses [29].

Data were analyzed using SPSS software version 20.0 at 0.05 alpha levels and Amos version 20.0 for the SEM. The demographics of the sample were treated as categorical variables. Perception, job satisfaction and turnover intention were treated as continuous variables. Finally, the method for analyzing surveyed data was based on the conceptual path model using SEM. To test reliability and validity, factor analysis and Cronbach’s alpha (upper 0.70) for the internal consistency were done. In terms of construct validity, the cut-off for item loading on factor was 0.60. Measurement error percentages were determined by examining carefully how closely each latent variable in the theoretical model was being measured by its indicator in the data sets. There are in total three latent variables comprising perception, job satisfaction, and turnover intention. Observed variables of perception comprise tangibility, reliability, responsiveness, assurance, and empathy.

VI. HYPOTHESES TESTING

Tests of model fit and hypothesis testing
Tests of model fit and hypothesis testing Tests of model fit through generalized least square (GLS) (Fig. 1), which is indicative of significant differences between the data and the theory being tested. Thus, overall, the mixed indices suggest moderate support for the theoretical model. Most of the standardized residuals are less than 1 or 2 in absolute value, though two values are slightly greater than 2, which is still lower than a borderline value (2.5) for testing model specification error. The covariance that shows how much salary, supervisor, nature of work, career, and work condition as endogenous variable is explained by job satisfaction and exogenous variables. In this case, it is for 0.34. Also, how job satisfaction is explained by turnover intention for 0.020.

Figure 1: Conceptual Framework

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<th>Table 1</th>
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<th>Table 2</th>
<th>Generalized Least Square Estimated Regression Weights</th>
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<td>MeanSupervisor → MeanJS</td>
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<td>MeanNature → MeanJS</td>
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<td>MeanCareer → MeanJS</td>
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<td>Meanworkcondition → meanJS</td>
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<td>meanJS → MeanTurnover</td>
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1 QM=Quality management, JSOX = Evaluation of Design and Operation effectiveness for each division.
Hypothesis testing

Table 1-2 presents the results of hypothesis testing on the basis of SEM. The structural equation analysis provided partial support for the H1 that expected different effects of the five types of condition on job satisfaction ($R^2=0.444$). For the testing of H2 that expects an effect of job satisfaction on turnover intention of employees ($R^2=0.02$, $p = 0.012$). However, overall path analysis presents the significant level among all three major variables.

VII. DISCUSSION OF MAJOR FINDINGS

The purpose of the study was to examine the relationship among salary, supervisor, nature of work, career, working condition, job satisfaction, and turnover intention of employees in air conditioning Company in Bangkok, Thailand. Overall, this study found not only direct association of all exogenous variables with job satisfaction, but also the reverse association in the relationship between job satisfaction and turnover intention. Specifically, the test reveals that nature of work dimension had the highest effect on job satisfaction than others (standardized regression weights or factor loading is 0.248) while the lowest salary is 0.09). The factor loading of -0.14 indicate the reverse relationship between job satisfaction and turnover intention.

VIII. IMPLICATIONS AND CONCLUSIONS

In this study, factors are considered which are working conditions, salary and incentives, supervision, nature of work and career opportunity. The researcher used the survey method to gather information from respondents in the form of questionnaire. All the questions shown in the questionnaire are based on the objective of this study. The sample size is 355 respondents. The Five-Point Likert Scale is used as the indicator measuring the level of satisfaction. Additionally, the researcher used Statistical Analysis System (SAS) Enterprise Guide Version 4.3 (Master License number 61027, Supplement number one) as the statistical instrument in order to analyze the collected data. The researcher used both descriptive and inferential statistics as statistical procedures in this study.

The result showed that the relationship between working conditions, salary and incentives and job satisfaction is a weak positive correlation. In contrast, the relationship between supervision, nature of work, career opportunity and the job satisfaction is moderate positive correlation. Therefore, this study can conclude that working conditions, salary and incentives, supervision, nature of work and career opportunity are the predictors of employees’ job satisfaction of ABC Incorporated, Bangkok, Thailand.

With regard to working conditions factors, the results showed that the employees are satisfied with their working conditions. They feel satisfied with the cleanliness and safety of buildings facilities. Also, they feel appreciated towards equipment, facilities and location which have provided convenient and effective working environment.

According to salary and incentives factors, the results showed that the employees are satisfied with present salary, bonus, and other allowances. As well as they feel satisfied with sufficient benefits Based on supervision factors, the results showed that the employees are satisfied when they are praised and their performance feedback can strengthen the corporate improvements. Also, they feel satisfied when the company cares for one another’s feelings.

Considering to the nature of work factors, the results showed that employees are satisfied with their work performance. As well as they feel satisfied when they are given the opportunity to work independently.

Finally, the results show that employees are satisfied with the promotion procedures for career opportunity. They also feel satisfied with the company’s evaluation regarding employee’s performance.

Based on the reverse association between job satisfaction and turnover intention, the result of the second hypothesis was supported by [12]. They studied job was challenging to employee, job gave employee has a feeling of personal accomplishment. Also, [28] employees has opportunities to use their ability to apply for work, and employees have freedom to state opinions in order to take independent action when needed. The researcher showed result to prove that employee intention to leave company due to job satisfaction is low. In contrast, employee worked with company showed high satisfaction with company services to reduce turnover rate.

REFERENCES


