Conceptual framework on the relationship between human resource management practices, job satisfaction, and turnover

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Abstract: This paper attempts to propose a conceptual framework consisting of three human resources management (HRM) practice (supervision, job training, and pay practices), job satisfaction, and turnover, and to explain the relationships among these variables. Job satisfaction played an important role to employees’ turnover because it would lead employee resigned when their job satisfaction is low. The results indicate HRM practice a positively and significantly correlated with job satisfaction. On the other hand HRM practice and job satisfaction are negatively and significantly correlated with turnover. However, the results of HRM practice and job satisfaction are strong predictors of turnover.

Keyword: Human Resource Management Practice, Job Satisfaction, Turnover

1. Introduction

In previously studies, there are plentiful of job satisfaction research that often in two different types of variable which effect on job satisfaction (Steijn, 2002). First, individual characteristics define as race, gender, educational level and age such as the study of Reiner and Zhao (1999) explain a significant effect on age whereas Ting (1997) clarifies age and race associated effect to job satisfaction. On the other hand, in the second place in most studies are work environment as supported by Herzberg (1966) as the primary determinant of employee job satisfaction. For example, Reiner and Zhao (1999) employ five dimensions of the work environment; skill variety, task identity, task significant, autonomy, and feedback. However, their study is lack of explicitly variables related to the personal practices in this period (Steijn, 2002). In the recent year, the literature on Human Resource Management (HRM) emphasis on the high performance working system practices’ on job satisfaction as hence employee performance and contributed the organization performance. Job satisfaction is one of the most widely studies work-related attitudes in the fields of industrial and organizational psychology, and organizational behavior (Spector, 1997). Many researchers identify in several ways in definition of job satisfaction. Greenberg and Baron (1997) define job satisfaction as an individual's cognitive, affective, and evaluative reactions towards his or her job. Locke (1976) provides more specific definition on job satisfaction as the state where one's needs and one's outcomes match well. According to Cranny, Smith and Stone (1992) job satisfaction is a combination of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared to what he or she actually receives. Job satisfaction is a factor that would induce the employee to work in the long term position. Regardless of job satisfaction the organization or firm would confront with the cost of recruitment caused by turnover. For this reason, the organization should pay attention to employees’ job satisfaction as well.

2. Literature Review

Job Satisfaction and Turnover

Job satisfaction is in regard to one’s feelings or state-of-mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, for example pay practice, quality of one's relationship with their supervisor, quality of the physical environment in which they work whereby turnover refers to the characteristic of a given company or industry, relative to rate at which an employer gains and loses staff. For example, if an employer is said to have a high turnover, it means that employees of that company have a shorter tenure than those of other companies in that same industry. Job satisfaction and turnover are basically related by which job satisfaction has directly effect on the turnover. Vast literatures exist on the relationships between two variables as mentioned. Pierce, Hazel, and Mion (1996) examine the effect of a professional practice model (PPM) on nurses’ job satisfaction and
turnover. They employ the implementation of a PPM as the characteristics of participative decision making; control over work practices; organizational supportiveness; collegial relationships; open, multilevel communication; and rewards linked to clinical proficiency. The results of their study affirm the significantly correlated with increased job satisfaction and lower turnover rates among staff nurse in rehabilitation hospital. In fact, as a result of their study give an idea about the existent relationship between job satisfaction and turnover.

Moreover, job satisfaction is generally believed a higher job satisfaction is associated with increased productivity, lower absenteeism, and lower employee turnover (Hackman & Oldham, 1975). Wong (1989) explores the impact of job satisfaction on intention to change jobs among secondary school teachers in Hong Kong. His study affirms that low in teachers’ job satisfaction tend to have low level of commitment and productivity. Moreover, teachers respond prepared to leave teaching if a job alternative of offering a higher salary became available. In other word, lower in teachers’ job satisfaction significant predictors of teachers’ intention to leave the teaching profession. There is a longstanding interest in the relationship between job satisfaction and turnover, Griffeth, Hom and Gaertner (2000) give precisely a negative association between job satisfaction and stuff turnover. In addition, Glance, Hogg and Huberman (1997) mentioned the relationship between turnover and productivity asserted that the lower turnover is positively correlated with productivity. Amah (2009) stressed that job satisfaction was found to have a direct negative relationship with turnover intention. These results indicate that the effect of job satisfaction on turnover can be enhanced in two ways; namely, when employees find congruence between their job and their self identity, and when involvement in such jobs enhances their overall life satisfaction. On the other hand, turnover can be considered as cost of running a business. As mentioned by Khilji and Wang (2007) reported that the impacts of labor turnover on a hotel’s bottom line could be classified into direct costs and indirect costs. Direct costs are essentially financial consequences that include administrative costs as a result of increased recruitment and training expenditure of new employees.

Human Resource Management Practice

In the organizations or firms, human resource management (HRM) practices as a mediator between HRM strategy and HRM outcome. Shepeck and Militello (2000) focus HRM strategy into four groups: employment skill and work policies, supportive environment, performance measurement and reinforcement and market organization whereby Guest (1997) divides in to three categories: differentiated on innovation, focus on quality and cost-reduction. However, there are many definitions in previously researches on HRM strategy, but all strategies used to achieve the same organizational goal through HRM practices. Sivasubramanian and Kroeck (1995) verify the various perspective of human resource management as the concept of fit or integration. Based on Guest (1997) suggests the various types of human resource management can be classify in two dimensions as internal and external fit. External fit explain HRM as strategic integration whereby external fit as an ideal of practices. Several of researches try to examine which fit is appropriately. Youndt et al., (1996) who observe the external fit, their result shows more particular fit between high performance HRM practices and quality strategy. Stavrou-Costea (2005) also argued that the effective human resource management can be the main factor for the success of a firm. As supported by Lee and Lee (2007) HRM practices on business performance, namely training and development, teamwork, compensation/incentive, HR planning, performance appraisal, and employee security help improve firms' business performance including employee's productivity, product quality and firm's flexibility.

Ruwana (2007) empirically evaluated six human resource (HR) practices (realistic job, information, job analysis, work family balance, career development, compensation and supervisor support) and their likely impact on the Marketing Executive Turnover. Results of regression showed that the HR practices on job analysis are strong predictors of Marketing Executive Turnover. A long the same line, Abang, May-Chiuin and Maw (2009) two components of human resource (HR) practices namely, training and information technology have direct impact on organizational performance. In addition, Zaini, Nilufar and Syed (2009) four HRM practices showed that training and development, team work, HR planning, and performance appraisal have positive and significant influence on business performance. Altarawneh and al-Kilani (2010) examine the impact of human resource management (HRM) practices on employees’ turnover intentions. The results showed that job analysis had a significant effect on employees’ turnover. However, no statistical evidence was found regarding the effects of other HRM practices on employees’ turnover intentions. The study suggests that incentive plans based on rewards, bonuses, salaries enhancement, and performance appraisal reports could be useful strategies to be reconsidered in the
surveyed. This paper utilizes HRM practices in specific internal fit as an ideal set of practices which identify three variables: supervision, job training, and pay practices believed to influence job satisfaction and toward turnover of the employees, as some of the practices of high the performance working system practices by previous HRM researchers such as Bradley, Petrescu and Simmons (2004).

**Supervision**

There are various interpretations of the term supervision, but typically is a management activity and supervisors have a management role in the organization. Supervision has essential to the organizations and firms since the supervisors have extensive knowledge of job requirements and also adequate opportunity to observe their employees. Normally, supervisors define as manager. Moreover, supervisors have something to gain from the employees’ high performance and something to lose from low performance in order to have high productivity. There are some studies explained the relationships among supervision, job satisfaction and turnover.

According to Cumbey and Alexander (1998), verify the relationships between RN (registered nurse) job satisfaction and effective supervisory. In their results affirm that the effective supervisory on employee (registered nurse) is positively effect on job satisfaction. Bradley, Petrescu and Simmons (2004) investigate the impact of human resource management practices related to job satisfaction. They employ the supervision as independent variable and job satisfaction as dependent variable. The result gives the idea about the supervision, the workers are prefer to have closed supervision of work since they enjoy some visual assessment of their performance, suggesting that monitoring is desirable. Therefore, in their study reaffirms that there is positively associated between supervision and job satisfaction. Furthermore, Thobega (2007), measures the extent to which supervision experienced by agricultural education teachers in Iowa is related to job satisfaction and intention to remain in the teaching profession. They select the components of supervision included observation, pre-observation conferencing, post-observation conferencing, supervisor support, and supervisor guidance. The results demonstrate the supervision provide the positively correlated with job satisfaction. However, overall components are not useful predictors of agriculture teachers’ job satisfaction of their intentions to remain in teaching. In other word, the results are not explicit the relationship between supervision and turnover. On the other hand, many studies attempt to find the relationship between supervision and turnover. Keashly and Jagatic (2000) give an idea about poor of supervision lead the dissatisfaction of workers or employees. Moreover, later study by Karasek and Theorell (1990) finds that poor supervision not only caused the dissatisfaction of employees’ work, but also turnover. In addition, Harmon et al., (2007) clarifies the control overwork practices which is supervision significantly correlated with increased job satisfaction and lower turnover rates among the workers.

**Job Training**

In general, training is refer to a planed effort facilitate the learning of job-related knowledge, skill, and behavior by employee (Noe et al., 2006). In HRM practice, training is an important factor for productivity, higher productivity observed in firms that report providing training (e.g. Tan & Batra, 1995; Aw & Tan, 1995). Schaffner (2001) on his study assert the relationship between job training and productivity, however job training tends to be lose value when the workers change job, therefore the organization or firm increase the cost of keeping trained position filled. Notwithstanding, there is in doubtfully of the relationship between job training and turnover. Many studies have been overcome the suspicion such as Batt (2002) finds that “high-involvement” practices such as autonomy, team collaboration, and training are related to reduce employee turnover and increased productivity. Supporting by Lynch (1991) gives you an idea about untrained workers lead to change job more often. A long the same line, Huselid, Jackson and Schular (1995) finds that an increasing in high-performance work practices convert decreasing in turnover (Bradley, Petrescu & Simmons, 2004). Furthermore, Hequent (1993) clarify the negative correlation between training and turnover in a number of companies.

In deed, Training programs in particular are often targeted because employee turnover is generally higher during times of economic uncertainty (OECD. 1993). Even in the best of times, organizations must decide how much to invest in on-the-job training, balancing the benefits of increased productivity against the costs of training. On the other hand, the trained workers can migrate or turnover easily when their skill of workers are higher without paying the cost of training. As a result, job satisfaction need to be applied in order to influence the workers stay longer in their organization. The relationship between job
satisfaction and training has been addressed in some previously studies, Bradley, Petrescu and Simmons (2004) explain that creating on-going learning as well as training in workplace has a highly significant effect on job satisfaction, in addition on their study indicates that training increases the probability of work being either completely or very satisfied that enhance employee motivation and commitment. In other word, on-going learning or training has positive associated with job satisfaction. Likewise, Doeringer, Evans-Klock and Terkla (1998) find that by providing the education and training to adopting employee or recruitment preferred to continuous on-the-job instruction to off-the-job training than only provisional on education and training (Bradley, Petrescu & Simmons, 2004). Conti (2005); Deardens, and van Reenen (2006); Ballot, Fakhfakh and Taymaz (2006) past researchers have found evidence on the impact of training on productivity and where employees and employers were able to share the benefits from training.

**Pay Practice**

Pay practice is one of human resources management practice which normally refers to pay, wage, salary and benefit etc. The pay has an important role in implementation strategies. First, a high level of pay and/or benefits relative to that of competitors can ensure that the company attract and retains high-quality employee, but this might have a negative impact on the company’s overall labor costs. Second, by tying pay to performance, the company can elicit specific activities and level of performance from employee (Noe et al., 2006). Generally, pay practice is very significant for the organizations and firms which can attract employees to apply for the job as recruitment. On the other hand, the employees have to retain the high performance of work in order to show their quality of work otherwise will lose their work. Pay practice has some correlation with job satisfaction as well. As supported by Ting (1997) asserts the significant of pay is strongly determined of job satisfaction. Moreover, on his work explains two different type of pay practices effect on job satisfaction; satisfaction with pay itself and satisfaction with financial prospects in the future. There is a longstanding interest of two items which are correlated with job satisfaction.

A long the same line, the relationship between pay practice and job satisfaction is useful to influence motivation of employees’ work then achieved higher productivity. According to the efficiency wage theories affirm that paying higher wage can sometimes increase works’ productivity. These theories address three main channels by which wages can raise productivity (Katz, 1987). The first place assumes that the harder workers work the higher is the cost of being caught shirking and the higher is the probability of being caught shirking. A higher wage increases worker effort due to the greater cost to workers of losing the job (meaning workers want to reduce the chances that they are caught shirking). In other word, the wage or pay practice is influenced employees’ work and turnover as well. Second, a higher wage increases effort by increasing workers’ loyalty to the firm (Akerlof, 1984). At this point of these theories implies that not easily for the high wage employees to turnover their job. As supported by the following third channel of these theories, affirm that a higher wage reduces firms’ turnover and recruitment costs. In addition, if introducing employee involvement increases monitoring costs (plausible since it is harder to observe whether a worker produced a good suggestion than whether she met her production quota), increases the return to costly-to-measure effort, and/or increases employers’ return to worker skills and retention, then plants with employee involvement should pay higher wages.

The relationship between pay practices and job satisfaction is ambiguous in the efficiency wage theories. However, there are some distinct studies such as Steijn (2002) examine the overall job satisfaction of Dutch public workers with respect to their pay. The results show that there is positive effect of the existence of HRM practice which refers to pay practice on the job satisfaction. Likewise, Bradley, Petrescu and Simmons (2004) observe the impact of human resource management practices and pay inequality on workers’ job satisfaction. On their study employ many HRM practices such as work organization, recruitment and pay practice as independent variables and job satisfaction as dependent variable. The results show that the pay practice is positively associated with the job satisfaction. Furthermore, on their works clarify satisfaction with pay is high where seniority and individual performance-related schemes are in place. The attractively turn to the relationship between pay practice and turnover, Katz (1987) study about the efficiency wage theories: a partial evaluation. The result on his/her study confirms that a higher wage reduces firms’ turnover and recruitment costs. In other word, the wage is negatively related to the turnover and recruitment cost. If the employees have the higher wage the firms or organizations should have lower levels of voluntary turnover (quits).
3. Proposition

From the preceding discussion, the following propositions are put forth:

**Proposition 1**: HRM practices (supervision, job training, and pay practices) as perceived by the employees will positively affect job satisfaction.

**Proposition 2**: HRM practices (supervision, job training and pay practices) as perceived by the employees will negatively affect turnover.

**Proposition 3**: Job satisfaction as perceived by the employees will negatively affect turnover.

**Proposition 4**: The relationship between HRM practices (supervision, job training and pay practices) as perceived by the employee and turnover will be mediated by job satisfaction.

4. Conceptual Framework

Based on the literatures reviewed, the conceptual framework is as follows:

![Conceptual Framework]

**Underlying Theory**

In this paper employ the human capital theory which underlying theory that links the independent variables to the mediating and the dependent variables. The conceptual framework of human capital theory (Becker, DeGroot & Marschak, 1964; Tsang, Rumberger & Levine, 1991) suggests the organizations develop resources internally only when investments in employee skills are justifiable in terms of future productivity. From the conceptual framework of this study, it can be conclude that HRM practices utilized by employees create negatively associated with turnover consistent on Becker, DeGroot and Marschak (1964) human capital theory. Moreover, the human capital theory also raises the possibility that firms may internalize employment when they can do so without investing in employee development. However, if employee productivity is not expected to exceed investment costs, organizations likely will secure these skills from labor market. Thus, the decision to internalize or externalize employment rests on a comparison of the expected returns of employee productivity. According to this study reliable on the human capital theory as the relationship between human resources management practices or HRM practices which specifically addressed in three variables; supervision, job training, and pay practices are positively correlated with job satisfaction. Furthermore, the job satisfaction give negatively correlated with the turnover.

In addition, this study utilizes the efficiency wage theories to explain the pay practice and turnover. These theories reaffirm that a higher wage reduces turnover. In order word pay practice has negatively correlated with turnover as mentioned. Moreover, the Fredick Herzberg’s theory from the 1950’s has mentioned that satisfaction on the job depend on two issues: hygiene issue and motivators. According to Herzberg’s theory, hygiene issues cannot motivate employee but can minimize dissatisfaction, if handled properly. This study employs two variables as the hygiene issue: supervision and pay practice or salary. In HRM practice, the definition of supervisions as the behaviors include insensitivity to others, inability to be a team player, arrogance, poor conflict-management skills, inability to meet business objectives, and inability to adapt during a change transition (Noe, 2005). In HRM practices the organizational psychologists should advise their clients to appoint the "right person" for a supervisory position. Be aware that good employees do not always make good supervisors. The role of supervisor is extremely difficult. It requires leadership skills and the ability to treat all employees fairly. Moreover, the supervisors suppose to have a positive feedback whenever possible and should establish a set means of employee evaluation and feedback so that no one feels singled out or turnover. Furthermore, hygiene
issue also addressed in salary or pay practice. Employees expect to be fairly paid for the work they are done. If this expectation is not met, then employees will probably be dissatisfied with their jobs or may turnover, adversely affecting their productivity. Syptak, Marshland and Ulmer (1999) recommend organizations to consult salary surveys as a way to identify whether the salaries and benefits the company is offering are comparable to those of other offices in the area or the industry. In addition, companies should make sure they "have clear policies related to salaries, raises and bonuses" (Syptak, Marshland & Ulmer, 1999).

5. Methodology

The significantly, job satisfaction related to the turnover of employee supported by Hellman (1997) reported a correlation between job satisfaction and turnover intentions. Turnover model has been suggestion by Mobley, Horner and Hollingsworth (1978) clarify as dissatisfaction produces a series of withdrawal cognitions in which employees examine the costs and benefits associated with leaving their jobs. Ultimately, this cognitive appraisal results in employees’ withdrawal from the organization. Hence, job satisfaction is essential because when employees have their job satisfaction would not lead to employees’ turnover.

In order to meet the commitment of the employees’ job satisfaction the organization supposes to apply HRM theory into practices. According to the theoretical evidence on the relationship of HR practice with organizational effective indicates that HR practice influence employee commitment and other HR performance measure, which then lead to organization effectiveness (Rao, 1990; Yeung & Berman, 1997). Several elaborations of HRM practices have been studies in the previously research such as Bradley, Petrescu and Simmons (2004) give the term of HRM practices as define the following set of variables: work organization, supervision, employee involvement/voice, recruitment and selection, training and learning, and pay practices. Along the same line, Pfeffer (1994) identify the HRM practice such as employment security, selectivity in recruiting, high wages, incentive pay, employee ownership, participation and empowerment, promotion from within, training, and skill development. In addition, Delery and Doty (1996) utilize the seven variables of HRM practices which are internal career opportunities, formal training system, appraisal measures, profit sharing, employment security, employee voice mechanisms, and job design. Nevertheless, there are a few of HRM practices as having great value on job satisfaction and turnover. For example, the study of Huselid (1995) conducted his study on human resource (HR) practices as considered high performance work practices related to turnover. This study shows that there is associated HRM practice effect to turnover. Consequently, the aim of this paper is to propose a conceptual framework of the relationship between HRM practices and employees’ turnover, in which job satisfaction is a mediating variable. The literature on this study is among the most well researched within the subject.

6. Discussion

This study adds to the growing literature on human resources management (HRM) by examining the relationship HRM in practices with job satisfaction and turnover. This study clearly explains three variables of HRM practices namely supervision, job training and pay practices are positively associated with job satisfaction. The employees trend to satisfy with their job when they have effective (Cumbey & Alexander, 1998) and closed (Petrescu & Simmons, 2004) supervision, training as on going learning for them in workplace (Bradley, Petrescu & Simmons , 2004) and good pay (Droussiots & Austin, 2007). Besides, those three variables of HRM practices (supervision, job training and pay practices) provide the negative effect on turnover. The employees have tendency to turnover their job when they have poor supervision (Keashly & Jagatic, 2000), without proper or poor training (Poulston, 2008) and low wage (Martins, 2003). On the other hand, job satisfaction plays an important factor to determine turnover of employees. An increasing of job satisfaction will lower turnover rates among the employees (Pierce, Hazel & Mion, 1996). Thus, it obviously shows that job satisfaction is negatively associated with turnover (Griffeth, Hom & Gaertner, 2000; Amah, 2009).

7. Conclusion

The commitment of any organizations and firms is to achieve the higher productivity whereby the employees as functioning organizational system. The idea that motivated and committed workers are the essential condition for accomplishing the organizational goal. The human resource management practices
or HRM practices have to be addressed in this position, in order to examine the behavior and performance of the employees. This paper proposes that the certain human resource management practices create the favorable approach on the job satisfaction which will be explicated reversely on the turnover. Three main variables of HRM practices namely supervision, job training and pay practices have play a crucial role to enhance job satisfaction of employee. The strongly positive relationship between HRM practice and job satisfaction provide a wisdom way on how an organization can motivate an employee to work efficiently. In addition, the negative relationship of HRM practice and turnover is clearly enlighten the important of providing a good supervision, training, and pay practice in order to reduce turnover rates of employees. Besides, job satisfaction is directly effect on turnover with negative relationship. In other words, job satisfaction can reduce turnover of employee when there is high job satisfaction, vice versa. Thus, the organization needs to take a consideration about job satisfaction and apply HRM practice in the workplace in order to reduce turnover and gain the organization goals.

References


