Determinant Factors of Turnover Intention: A case study of Air Conditioning Company in Bangkok, Thailand

Chittipa Ngamkroeckjoti, Phattarapon Ounprechavanit, and Thongdee Kijboonchoo

Abstract -- This study aims to help a Thai air conditioning company to understand the turnover intention of employees based on their perception towards the company. 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. This research studied factors influencing employees’ turnover intention. A total of 400 questionnaires were distributed in an Air Conditioning Company located in Bangkok. Census survey was adopted. The influences of perception, job satisfaction, and turnover intention were identified through structural equation modeling (AMOS). The casual relationships among perception, job satisfaction, and turnover intention were also confirmed.

Keywords – Service quality perception, job satisfaction, turnover intention, air conditioning, Thailand

I INTRODUCTION

In 2010, about 90% of new office buildings were fitted with air conditioning. This indicated the tendency appeared in renovation and maintenance of the air conditioning industry [9]. A competitive advantage is to hire skillful employees in order to increase production efficiency. However, it is hard to satisfy employees and also ensure their loyalty. Employees continually change their expectations. Therefore, a company tries to maintain their loyalty by sustaining their interest and improving satisfaction. Employees’ recognition is crucial.

The most important organizational objective is employees’ job satisfaction. The organization successfully satisfies customers’ needs if so far as their workers feel satisfied with their jobs [26].

Job satisfaction is vital for profitability and success while turnover is a loss of output, productivity and growth manpower to determine a company’s success. This research relates the perception of service quality (comprising Tangibles, Reliability, Responsiveness, Assurance, and Empathy) provided by an Air Conditioning company in Bangkok [19], job satisfaction, and turnover intention.

II LITERATURE REVIEW

A. Service Quality

[18] defined satisfaction on service quality provided to employees’ perception and expectation. [19] proposed service quality in five dimensions: - Tangibles were illustrated as visible facilities, equipment, building, and location; Reliability was the capability to carry out the assured service reliably and accurately; Responsiveness was the company support by enthusiastic gesture to help its employees, such as insurance, commission, and training programs; Assurance was the knowledge and politeness of the learning hosts or staff and their ability to communicate trust and confidence; and Empathy was the caring and, exclusive attention of the company for its employees. This study examines service quality perception of employees in an air conditioning company in Bangkok.

B. Factors Affecting Employee Satisfaction

Fringe benefits include compensation, wages, salary, allowances, pension, and holidays. Fringe benefits can demand less tax than wages; they increase job satisfaction. Fringe benefits were seen as the best motivator for an employee to perform better at work. Employees perhaps receive another fringe benefit or promotion to convince an employee to stay with the company [2].

[21] found that doctors in Russia felt satisfied with clinical freedom, well paid, have less excessive technical intervention, and less positive relationships with patients and co-workers. [28] found that employees’ satisfaction was a crucial variable to explain about common feelings and thinking of employees regarding their job and place of work. Therefore, expectations on workplace and attitude towards jobs could measure employee satisfaction. Job satisfaction was a part of the scope to which one’s needs are satisfied.

[22] found that factors that led to job satisfaction were called “motivators”: achievement, recognition, the work itself, responsibility, and progression. Factors led to job dissatisfaction are called “hygiene” factors and include “administrative procedure, supervision, salary, interpersonal relations, and working conditions”.

[10] found the relationship between job satisfaction and national culture from European Employees. It indicated that cross-national job satisfaction study considering the potency of national culture should be much better on performance assessment. People from different cultures should be evaluated in relation to their capability and national culture to gain better job satisfaction. [1] found in the pharmaceutical industry that organizational culture had

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I would like to show my sincere gratitude to Ms. Supannachart Phanitchrattana who is an independent research student and working full-time at the marketing department of an air conditioning company.
affected productive work, retention and turnover of employees. Satisfaction is classified into three main classes: internal, external, and total. An employee receives no evident reward except the activity itself if he/she was internally satisfied, whereas external satisfaction was with financial compensation or reward to adjust his/her behavior. The relationships between job satisfaction and organizational culture were found in different persons who had different idea of work organization. This created organizational culture aspects for performing work. A positive company culture is strong in beliefs and appreciates the leader’s action; a negative compensation culture is a weak action and converted into a toxic way of life and trapped any growth potential. The research focused on company culture in different types: combination, differentiation and fragmentation [3].

In Nigeria, job satisfaction derived from good pay, promotions, colleagues, compassion, and working. Influence on employees by ethical types of company assurance and also management could improve job satisfaction. On the one hand, the company promotes good ethical performance. For example, compassionate employees and the neighborhood develop rules and rewards to promote an employee who had good ethical performance. Management by ethics: promotion, salary increases, and other incentives must be approved ethical principles of the company [12].

C. Effecting Factors of Turnover Intention

To sustain employees, the firm needs to attract, select, and retain careful, practical, committed and engaged employees [13]. 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 [17] and secondly, job satisfaction Model on turnover Intention [11].

The first model is used for service quality in terms of customer perceptions of Islamic banking and also examined the relationship between service quality and customer satisfaction of Malaysian Islamic banks. There were six factors of service quality which were “tangibles, reliability, responsiveness, assurance, empathy, and compliance” and were all independent variables. Customer satisfaction was a dependent variable. The service quality in the six factors presented a component to evaluate service quality in Malaysian Islamic banking. In conclusion, customers were satisfied with the bank services that served the customer.

Hypothesis 1: Perception 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. [7], said the opportunity of employment increased the chances for consideration and enhances dissatisfaction. [27] 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 considerable 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 [30]. 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 QM+JSOX \(^1\) (in seminar), 5 persons Supply Planning Division (work commitment). Therefore, the actual total number of respondents was 355 or 89% of the total respondents.

V MEASUREMENT

In this research, allocation of questionnaires used the probability decision sampling technique for respondents. The decision sampling method was a technique for selecting sampling units based on suitable experience of sole judgments [30]. Referring to [4], this sampling method was selected as it measured the representative of the target population. The sampling method used should be cost saving, convenient, and not time consuming [14].

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 [25] 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] turnover intention scale but also offers researchers an expanded scale for future studies.

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 [30].

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 cutoff 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) (Figure 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 the perception as endogenous variable is explained by job satisfaction as exogenous variables. In this case, it is for 0.58. Also, how job satisfaction is explained by turnover intention for -0.13.

![Figure 1 Conceptual Framework](image)

Notes: Goodness of fit statistics: chi-square = 145.4, df=58, CMIN/DF =2.5, p-value = 0.000, GFI=0.937, AGFI=0.901, RMSEA=0.60, and CFI=0.9

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<th>TABLE 1 – HYPOTHESIS TESTING</th>
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<td>Path directions</td>
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<td>H1 Perception → JS</td>
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<td>H2 JS → TI</td>
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Hypothesis testing Table 1 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 four types of perception of employees on job satisfaction (path coefficients = 0.83, p = 0.001). For the testing of H2 that expects an effect of job satisfaction on turnover intention of employees (path coefficients = -0.173, p = 0.008). However, overall path analysis presents the significant level among all three major variables.

Direct, indirect and total effects

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<td>Variables</td>
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<td>Perception → JS</td>
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<td>JS → TI</td>
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<td>Perception → TI</td>
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Table 2 presents the direct, indirect and total effects of perception on job satisfaction and turnover intention in the SEM. Direct effects are defined as the effect of perception on job satisfaction and turnover intention, and the effect of job satisfaction on turnover intention. Indirect effect shows the effect of perception on turnover intention. Total effects of perception on the job satisfaction were 0.583. Total effects of JS on TI were -0.125. Finally, the total effects of perception on the turnover intention were -0.073.

\(^1\) QM=Quality management, JSOX = Evaluation of Design and Operation effectiveness for each division
VII DISCUSSION OF MAJOR FINDINGS

The purpose of the study was to examine the relationship among perception, job satisfaction, and turnover intention of employees in air conditioning Company in Bangkok, Thailand. Overall, this study found not only direct association of employees' perception with job satisfaction, but also the reverse association in the relationship between job satisfaction and turnover intention. Specifically, the test reveals that reliability dimension had the highest effect on job satisfaction than others (standardized regression weights or factor loading is 0.91) while the lowest empathy is 0.03.

VIII IMPLICATIONS AND CONCLUSIONS

Based on the high association between reliability and job satisfaction, this study found if the company gives a good payment packages, career advancements, high salaries, and having be clearly compensation policy. It made employees felt satisfied and still worked with company. [6] mentioned assessed the employees’ impression about the payment packages, career advancements, and high salaries showed high job satisfaction. Furthermore, [24] studied clear job descriptions were important as well. The researcher found all of those made employees satisfied with the company. Reliability can promote the services of Air Conditioning Company which may lead to trust toward Air Conditioning Company.

Based on the reverse association between job satisfaction and turnover intention, the result of the second hypothesis was supported by [11]. They studied job was challenging to employee, job gave employee has a feeling of personal accomplishment. Also, [29] 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
