

JOB SATISFACTION DYNAMICS AND TURNOVER INTENTION: A STUDY ON CONTRACT WORKERS IN THE MANUFACTURING INDUSTRY

Eli Retnowati, Didit Darmawan

Universitas Sunan Giri Surabaya

correspondence: dr.diditdarmawan@gmail.com

Abstract - This study investigates the relationship between job satisfaction and turnover intention among contract workers in a manufacturing company. This study used a descriptive quantitative research design with 41 respondents of contract workers in a manufacturing company. The results of simple linear regression analysis showed a significant relationship between job satisfaction and turnover intention is negative. This finding supports the idea that the higher the level of job satisfaction, the lower the tendency to have turnover intention, and this relationship is proven to be statistically significant. Managerial implications involve focusing on specific factors that influence contract workers' job satisfaction, such as wages, opportunities for permanent employment, supervision, and communication, with the aim of improving the effectiveness of human resource management strategies.

Keywords: Contract Workers, Job Satisfaction, Turnover Intention, Human Resource Management.

INTRODUCTION

Contract workers in a company work within a certain time limit or for certain projects. The status of contract workers is different from permanent or full-time workers because contract workers have a temporary employment relationship. Once the contract ends, the company is under no obligation to employ them further, unless there is a new agreement. Contract workers are often hired to complete special projects or to assist the company in certain situations (Marsden, 2004). Once the project is completed or the particular situation is resolved, the contract worker's contract may not be renewed. Contract workers may be expected to work more flexibly and overtime according to the needs of the project. They are not always bound to regular working hours like permanent workers. Usually, contract workers do not have access to a number of facilities or benefits that permanent workers may have, such as health insurance, paid leave, or social security programs. Contract workers' salaries are often adjusted according to the contract agreement they have signed, and they may not receive bonuses or benefits that are given to permanent workers.

Contract workers can be found in a variety of sectors, ranging from information technology, construction, finance, to creative industries. The advantage from a company perspective involves flexibility in managing budgets and human resources according to project needs or changing business needs (Ahmad et al., 2014). On the other hand, contract workers can have flexibility in choosing projects and jobs that suit their skills and interests, although they may not enjoy the job stability that permanent workers have (Guest, 2004).

Contract workers are a group of workers that are gaining increasing attention in the world of work (Blickle & Witzki, 2008). In recent decades, the trend of using contract workers has increased significantly in various industrial sectors. Companies tend to use contract workers to handle special projects or fulfill temporary needs without having to tie up long-term contracts (Rousseau, 2004). Although employment contracts provide flexibility for companies, the sustainability of employment relationships with contract workers is an interesting aspect to research. In this case, two crucial and interrelated aspects that need to be examined are job satisfaction and turnover intention of contract workers.

Job satisfaction is an important factor that can affect the performance and loyalty of workers, both permanent and contract workers (Thompson et al., 1997; Agarwal & Sajid, 2017). Contract workers who are satisfied with their working conditions may be more motivated and productive. However, contract workers tend to be in situations where the factors that influence job satisfaction, such as flexibility, support from coworkers, and recognition of contributions, may differ from those of permanent workers. Job satisfaction is one of the main variables in human resource management in organizations (Spector, 1997). It is also considered to potentially prevent turnover (Mobley, 1977; Zopiatis et al., 2014; Infante & Darmawan, 2022).

Turnover intention reflects the extent to which contract workers are willing to leave their jobs. Factors such as job insecurity, lack of job security, and lack of benefits typically provided to permanent workers can trigger turnover intention in contract workers (Cho & Lewis, 2012). Awareness of these factors can help companies to manage and retain important human resources (Johansen, 2013; Hom et al., 2017). As an organizational asset, workers who leave the organization are considered detrimental when they have made human resource development investments (Tett & Meyer, 1993; Li et al., 2016). Quality human resources are organizational assets that should be maintained in the organization (Darmawan et al., 2020). This leads to an urgency to understand the differences in factors that influence job satisfaction of contract workers compared to permanent workers. The temporary nature and possibly more diverse projects of contract workers may create different work dynamics. Therefore, research on the relationship between job satisfaction and turnover intention in contract workers is essential to develop effective human resource management strategies.

The results of this study are expected to provide additional insights into how companies can improve contract workers' job satisfaction and effectively manage turnover intention. The practical implications of this study can help develop better human resource management policies and practices to optimize the performance and retention of contract workers. Thus, the purpose of this study is to determine the impact of job satisfaction on contract workers' turnover intention. This research is expected to make a valuable contribution to the development of human resource management strategies that focus on sustainability and efficiency in utilizing the potential of contract workers.

RESEARCH METHODS

The research design used in this research is quantitative descriptive research. Descriptive research is to collect data based on factors that support the object of research, then analyze these factors to find their role. Quantitative research is an approach to testing objective theory by examining the relationship between variables.

The research was conducted in one of the companies in the field of manufacturing motorcycle spare parts located in Mojokerto Regency. The company had 68 workers. There are 41 contract workers and 27 permanent workers.

The dependent variable in this study is turnover intention. The independent variable is job satisfaction. The data collection tool uses a turnover intention questionnaire and a job satisfaction questionnaire where the turnover intention questionnaire consists of three aspects, namely personal, organizational and job characteristics, while the job satisfaction questionnaire is based on aspects that can affect job satisfaction. There are seven aspects of job satisfaction, namely satisfaction with wages, opportunities to become permanent workers, supervision, bonuses, work procedures, coworkers, and communication. The questionnaire uses a Likert scale with four answer options, 1 (Strongly Disagree), 2 (Disagree), 3 (Agree), 4 (Strongly Agree). The questionnaire was distributed directly to the subject and with the help of google form so that it could be distributed more quickly. The subjects of this study were all contract workers totaling 41 people.

The hypothesis in this study is that the impact of job satisfaction causes a decrease in employee turnover intention. To answer this hypothesis, the data analysis technique used in this research is simple linear regression analysis, and the data is processed using SPSS software version 26 for windows. This regression analysis is used to calculate the magnitude of the influence between independent variables, namely the independent variable job satisfaction on turnover intention.

RESULTS AND DISCUSSIONS

There were 41 contract workers as respondents in this study. They were asked for their opinions regarding the relationship between job satisfaction and turnover intention. Based on the age of the respondents, there were four age groups, which are explained as follows:

- a. Group aged 20-25 years: 15 respondents (36.6%).
- b. Group aged 26-30 years: 12 respondents (29.3%).
- c. 31-35 years old group: 8 respondents (19.5%).
- d. Group aged above 35 years: 6 respondents (14.6%).

The majority of respondents were aged 20-30 years, which reflects that respondents as contract workers are dominated by relatively young individuals. This could have implications for the expectations and needs of the younger generation in terms of job satisfaction and job stability. Based on length of time as a contract worker, the respondents are as follows:

- a. Less than 1 year: 18 respondents (43.9%).
- b. 1-2 years: 14 respondents (34.1%).
- c. 2-5 years: 7 respondents (17.1%).
- d. More than 5 years: 2 respondents (4.9%).

Most respondents have less than 2 years of work experience as contract workers. This indicates a fairly high level of rotation among contract workers, which may affect job satisfaction and turnover intention. Based on education level, the respondents are as follows:

- a. Junior High School: 14 respondents (34.1%).
- b. High School: 20 respondents (48.8%).
- c. Diploma: 5 respondents (12.2%).
- d. Bachelor degree: 2 respondents (4.9%).

The majority of respondents have non-graduate and diploma levels of education. This may indicate that most contract workers in the organization have a low background which may impact on their expectations of work and career. Based on the level of job satisfaction are as follows:

- a. Very Satisfied: 9 respondents (22%).
- b. Satisfied: 18 respondents (43.9%).
- c. Dissatisfied: 8 respondents (19.5%).
- d. Very Dissatisfied: 6 respondents (14.6%).

Most respondents expressed varying levels of job satisfaction. The majority were in the "Satisfied" or "Very Satisfied" category, which can be considered positive. However, it is important to further understand the specific factors that lead to this satisfaction or dissatisfaction. Based on turnover intention are as follows:

- Very Low: 12 respondents (29.3%).
- Low: 14 respondents (34.1%).
- High: 13 respondents (31.7%).
- Very High: 2 respondents (4.9%).

Most respondents have low levels of turnover intention. This can be considered a positive indicator, however, it should be noted that even low levels of turnover intention can have a significant impact if the number of contract workers itself is unstable. Factors causing Turnover Intention:

- Unstable Working Conditions: 15 respondents (36.6%).
- Lack of Recognition: 10 respondents (24.4%).
- Salary Gap: 8 respondents (19.5%).
- Lack of Career Development: 6 respondents (14.6%).
- Dissatisfied with Benefits: 2 respondents (4.9%).

Unstable working conditions are the leading cause of turnover intention, followed by lack of recognition and pay gap. This provides insight into areas that need to be improved to increase contract worker retention. This analysis provides an overview of the respondents' characteristics and the percentage distribution within each category relevant to the research on the relationship between job satisfaction and turnover intention in contract workers. Further analysis was conducted to explore the relationship of job satisfaction and turnover intention based on respondents' responses.

In the validity test of the two research variables, the corrected total item correlation value of each variable was obtained as follows:

- Job Satisfaction Variable (0.596 on the wage satisfaction item; 0.634 on the opportunity to become a permanent worker item; 0.716 on the supervision item; 0.644 on the bonus item; 0.728 on the work procedures item; 0.531 on the coworkers item; and 0.595 on the communication item).
- Turnover Intention variable (0.662 on the personal-needs aspect; 0.707 on the personal-personal-goals aspect; 0.746 on the organizational-opportunities aspect; 0.815 on the organizational-development aspect; and 0.541 on the job characteristics-tasks aspect; 0.306 on the job characteristics-responsibilities aspect).

With the corrected total item correlation values which all exceed the minimum limit of validity (0.3), it can be concluded that the instruments measuring the variables of Job Satisfaction and Turnover Intention in this study are considered valid. This means that the questions or statements in the instrument adequately reflect the concept or variable to be measured.

Reliability for the Job Satisfaction variable is 0.736. Reliability for the Turnover Intention variable is 0.708. This reliability value reflects the extent to which the instruments or questions used to measure job satisfaction and turnover intention provide consistent or reliable results. With a reliability value above 0.60 and a Cronbach's alpha value that meets the standard, it can be concluded that the measuring instruments for both variables, Job Satisfaction and Turnover Intention, provide consistent and reliable results in measuring the concept being studied.

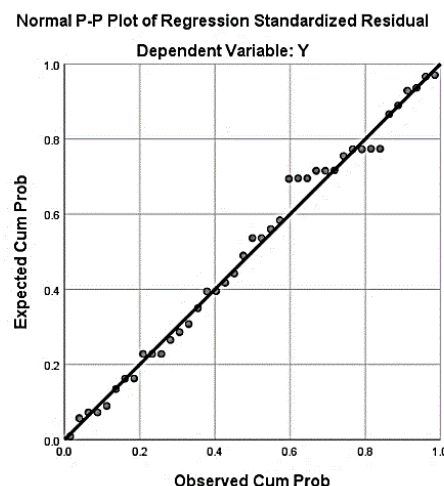


Figure 1. Normality Test

Figure 1 states that the normality test results show that the distribution of data points shows a normal distribution pattern. This means that, based on the analysis, it can be assumed that the data used in the regression model in the population follows a normal distribution.

Table 1
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	33.695	3.841		8.771	.000
	X	-2.508	.796	-.450	-3.150	.003

Source: SPSS Output

The coefficient of job satisfaction ($B = -2.508$) indicates that, with every one unit increase in job satisfaction, we can expect a decrease in turnover intention by -2.508 units.

The low p value (0.003) indicates that the relationship between job satisfaction and turnover intention is statistically significant. In other words, changes in job satisfaction can be considered a significant predictor of changes in turnover intention.

The Standardized Coefficient (Beta = -0.450) provides a normalized picture of the contribution of job satisfaction to turnover intention after controlling for scale variables. The negative value indicates that job satisfaction contributes negatively to turnover intention.

The t-value ($t = -3.150$) and p-value (.003) indicate that the coefficient of job satisfaction is significantly different from 0. Therefore, we have sufficient evidence to conclude that job satisfaction has a significant influence on turnover intention.

Overall, these findings support the idea that the higher the level of job satisfaction, the lower the tendency to have turnover intention, and this relationship is shown to be statistically significant. This regression model can be formulated as: $Y = 33.695 - 2.508X$. "Y" is the predicted turnover intention value, "X" is job satisfaction, and the constant (33.695) is the expected turnover intention value when job satisfaction is 0.

Table 2
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.450 ^a	.203	.182	8.360

Source: SPSS Output

The value of $R = 0.450$ indicates the extent to which the two are linearly related and there is a positive relationship between job satisfaction and turnover intention, although this value does not achieve a very strong relationship.

The R Square (Coefficient of Determination) is 0.203. In this case, about 20.3% of the variation in turnover intention can be explained by job satisfaction. This means that most of the variation in turnover intention cannot be explained by job satisfaction. The Std. Error of the Estimate of 8.360 is the estimated standard error of the regression model. The lower this value, the better the model can predict the dependent variable.

The relatively low R Square (20.3%) indicates that this model only explains a small portion of the variation in turnover intention. The interpretation could be that there are other factors beyond job satisfaction that also play a role in influencing turnover intention. There are other factors not included in this model that may have a significant impact on turnover intention.

There is thus sufficient evidence to conclude that job satisfaction has a significant effect on turnover intention, in line with the expectation that it plays an important role in influencing turnover intention. The negative value indicates that an increase in job satisfaction is associated with a decrease in turnover intention. Changes in job satisfaction can be considered a significant predictor of changes in turnover intention, supporting the hypothesis that job satisfaction has a significant impact on turnover intention. This finding is in line with previous findings (O'Driscoll & Beehr, 1994; Lambert et al., 2001; Schwepker, 2001). Although the model does a good job of explaining the relationship between job satisfaction and turnover intention, a large portion of the variation remains unexplained, suggesting that there are other factors to consider in understanding turnover intention.

The findings provide specific managerial implications relating to contract workers. Management should better understand factors that specifically affect contract workers' job satisfaction, such as pay equity, opportunity to become permanent, supervision, bonuses, work procedures, relationships with coworkers, and communication. If contract workers' job satisfaction is related to opportunities to become permanent workers, management should consider policies or programs that support permanent employment opportunities for qualified contract workers. Management should design strategies that specifically address the personal, organizational, and job characteristics that influence turnover intention in contract workers. By understanding that personal aspects and personal goals can influence turnover intention, management can design appropriate programs or support to meet contract workers' personal needs and goals. By recognizing that job characteristics, such as tasks and responsibilities, can influence turnover intention, management should look for ways to manage conflicts or discrepancies that may arise. In addition, there is an effort to improve communication between management and contract workers to help better understand their needs and expectations so that appropriate action can be taken. Management needs to conduct continuous evaluation of job satisfaction and turnover intention in contract workers, with the aim of improving job satisfaction and turnover intention.

CONCLUSIONS

From the results of the study, it can be concluded that there is a significant relationship between job satisfaction and turnover intention in contract workers. The findings indicate that the higher the level of job satisfaction, the lower the tendency to have turnover intention. However, it is necessary to consider other aspects that may play a role in contract workers' decision to stay or move.

Management needs to focus on factors that specifically affect contract workers' job satisfaction, such as pay equity, opportunities to become permanent employees, supervision, bonuses, work procedures, relationships with coworkers, and communication. Improvement strategies should be designed based on these findings. Management needs to continuously evaluate the job satisfaction and turnover intention of contract workers, with the aim of responding to changes in organizational and labour market dynamics.

The managerial implication of this study is to assist companies in developing better human resource management strategies to optimize the performance and retention of contract workers. By understanding the relationship between job satisfaction and turnover intention, management can design more effective policies to motivate contract workers, increase job satisfaction, and reduce turnover intention.

This paper makes a significant contribution in examining the relationship between job satisfaction and turnover intention in contract workers. While this topic has been considered before, the emphasis on the context of contract work provides a more specific perspective and is relevant to recent developments in the world of work.

In addition, this paper details specific aspects that can help companies manage contract workers more effectively.

This study provides a good initial understanding of the relationship between job satisfaction and turnover intention in contract workers. However, there is potential for further research, especially to explore other factors that may influence turnover intention and understand more deeply the dynamics of contract workers in different industry sectors.

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