

Modelling the Relationship of Unclear Career Development with Job Dissatisfaction, Job Stress and Employees' Turnover Intention: Structural Equation Modelling Approach

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Abstract

Drawing upon primary data gathered through self-administered questionnaire from banking and IT sectors, this study presents key factors that cause turnover intentions among talented employees in organisations. Structural equation modelling (SEM) technique employed in the study helped researchers predict that lack of clear career development and generates job dissatisfaction which causes job stress in employees and they begin thinking to quit the organisation. This study reveals interrelationship among the factors stated above and contributes structural model to predict causes of employee turnover at work. Study offers policy implications for decision-making quarters to provide clear path of employee career development in the organisation to enhance job satisfaction which reduces job stress and turnover intention at work.

Key words: Career development, job satisfaction, job stress, turnover intentions, questionnaire, banking sector, structural equation modelling.

Introduction

Strategic human resource management (SHRM) proposes that 'effective' HRM functioning enhances employee motivation, commitment, satisfaction and talented manpower (Datta, Guthrie and Wright 2005; Huselid 1995; Khilji and Wang 2007). In modern-day, firms seem more interested to retain competitive advantage through inimitable and unmatched manpower to maintain sustainability of the business. As a result, organisations take care of talented employees through career development, training and promotions which generates

job satisfaction and reduces job stress. This is yet a major debate as to why people choose to quit organisations (Felps, Mitchell, Hekman, Lee, Holtom and Harman, 2009; Lee, Gerhart, Weller and Trevor, 2008). An increasing attention of research scholars goes to investigate unclear career development and its after-effects on job satisfaction, job stress and employee turnover intention. Likewise, previous literature has also examined causes and consequences of employee turnover and retention (Khilji and Wang 2007). However, interrelationship of unclear career development as HRM practice and its consequential impact on turnover intentions has been missed out in previous literature, especially in context of developing countries including Pakistan. This makes up a serious academic and research gap in the extant literature which calls for more attention and more robust research contribution in the domain of management research.

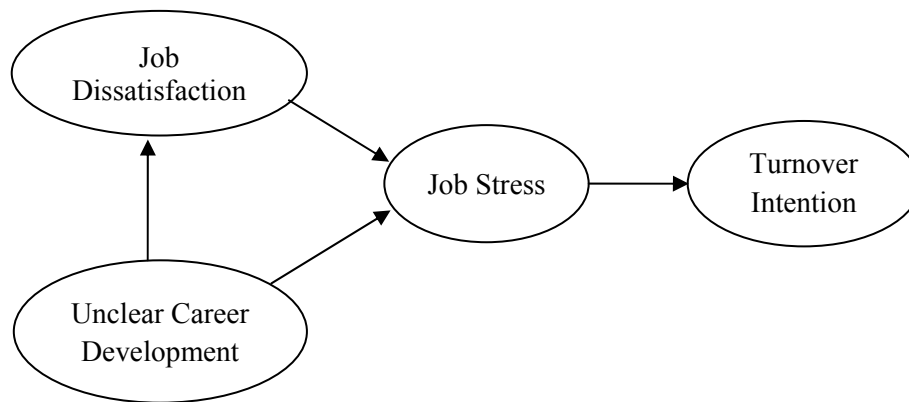
In order to investigate relation of lack of unclear career development (unclear CD), job dissatisfaction cause job stress resulting in employee turnover. Succinctly, this article focuses on the direct and indirect measureable effects of unclear CD on employee quitting e.g. job satisfaction, stress and turnover intention linked with obscure career development as HRM practice in organisations. As a result, this article seeks to measure the turnover intent of existing employees in an organization rather than the actual turnover. Job satisfaction and job stress are used as indicators of employee turnover and retention. Study conceptualises (see figure 1) that an employee suffering from burnout may cease to be productive [56] consequently may begin thinking to quit the job.

Conceptual Framework and Hypotheses

Extant literature on mainstream human resource management considers career development directly related to job satisfaction and job stress. A large body of literature and theories constantly investigated the phenomenon. Though, it has been well studied, however, inconsistencies and disagreements persist. Moreover, there is acute shortage of empirical evidence documented in developing countries' context especially Pakistan. Following conceptual framework is an attempt to operationalize unclear career development with job satisfaction and job stress resulting in turnover intentions.

Unclear Career development: Babin and Boles (1996) found that perceptions of clear career development path and supervisory support could increase satisfaction and motivation, reducing stress and improving job performance and improves employee retention. Crepeau et al. (1992) studied career orientations in IT professionals and noted that through growth and promotions key talented employees could be retained. Crepeau and colleagues further identified that lack of proper career management may lead to higher levels of employee dissatisfaction, burnout and turnover. Likewise, Griesser (1993) acknowledged prospective career development is much important for IT professionals and bankers. Since, IT and banking sector are fast growing, they offer handsome opportunities to attract experienced and talented workforce from labour market. As a result, this article hypothesizes that: **H₁:** Unclear career development generates job dissatisfaction in IT and banking professionals.

Figure 1 Conceptual Framework



Job satisfaction: Job satisfaction has attracted great attention of the scholars of management and psychology, for decades. It has traditionally been considered as a positive emotional state or employee's response towards the job situation. Management research has linked it with employee performance and a causal antecedent to organizational commitment (Mowday, Porter & Steers, 1982), and negatively related to turnover (Boomsma, 1985; Ward, 1988) and absenteeism (Muchinsky, 1977) or vice versa. Similarly, Brooke,

Russell & Price, (1988) found correlation between job involvement and job satisfaction with organizational commitment. Moreover, Blankertz and Robinson (1996) established highly satisfied manpower are highly motivated, do not experience burnout and have very limited intention to leave their jobs. Thus, job satisfaction is a key factor for employees' intention to stay in the organisation. This study conceptualizes that: **H₂**: Satisfied employees are less stressed at work and do not intend to quit.

Job Stress and turnover intention: There appears strong relationship between burnout and employees intention to quit. Literature suggests that employees may experience burnout two reasons (i) unclear career development and (ii) organisational culture with abusive and inconsistent with its employees' needs and desires. In such circumstances employees would feel physical and emotional exhaustion which may reduce their efficiency and performance may go down. Consequently, that may become debilitating, with depression, internal personal problems, and mental or physical illness which virtually will force employees to quit the job. Indeed, turnover may lead to a loss of human resources weakening competitive positions. While employees with low turnover tendency are characterized by high job satisfaction and job security perceptions (Gaertner & Nollen, 1992), employees with high turnover intent may be filled with frustration and may not concentrate on their jobs. This study attempts to measure turnover intention of existing employees in banking and IT sector in Pakistani organisations. As a result, this article hypothesizes that: **H₃ and H₄**: It is highly likely that more stressed employees would intend to leave the organisations than less stressed employees.

Research Method

Data Collection and Instrument

This study used Porter's Organizational Commitment Questionnaire (Mowday et al. 1982), the Burnout Questionnaire of Pines and Aronson (1988), Hackman and Oldham's (1980) satisfaction scale. In particular the 'Intent to leave' scale is modelled following the scale of Igbaria and Larson (1996). Preliminary versions of this questionnaire

were reviewed and discussed by peers and practitioners in education, IT and banking employees.

Sample Selection

About 200 self-administered questionnaires were distributed among banking and information and communication technology firms located in Hyderabad and Karachi to investigate the relationship of unclear career development, job dissatisfaction, job stress and turnover intentions. Due to the sensitive nature of the questions, all respondents were guaranteed anonymity, and no specific data that might identify the respondent was solicited. In all, slightly more than 300 questionnaires were distributed while 172 responses were returned. Of 172 some 12 surveys were disqualified for lack of completeness leaving 160 usable for data analysis. Thus the response rate was about 54 percent.

Demographic details

The sample consisted of a diverse group of managers (see table 1 for demographic details) indicating that our sample is representative. About 64 percent respondents belonged to banking and 36 percent with ICT sectors respectively. More than 82 percent of the respondents were male and 18 percent were female participants in the study. About 63 percent respondents showed they had up to 10 years of experience and 62 percent of the respondents believed they are in first line management. About 85 percent respondents' age ranged between 25 to 35 years.

Table 1 Personal information of respondents

Demographic Variables	Description	Sample size	Percentage
Age	25 to 35 years	135	85
	36 to 45 years	18	11
	46 to 60 years	7	04
Gender	Male	131	82
	Female	29	18

Experience	Up to 10 years	101	63
	11 to 20 years	45	28
	21 to 30 years	14	09
Position in the organization ²	TLM	07	04
	MLM	55	34
	FLM	98	62
Sector	Banking	103	64
	ICT	57	36

Results and Discussion

Structural Equation Modelling through Smart PLS

A two-step approach e.g. to test the measurement model and path analysis was used to test the structural model (Anderson and Gerbing, 1988). This study employed SEM to simultaneously test the hypotheses as direct and indirect paths of the research model (Chin 1995; Kohli et al., 2004). SEM using Smart PLS was undertaken for this study. SEM enables confirmation of the measurement model by using confirmatory factor analysis and tests the relationships among constructs by using path analysis (Hair et al., 2010; Hoyle, 1995). Smart PLS was chosen for two main reasons one: first, it does not require the data to have multivariate normality (MVN) and secondly, small sample sizes of data are usable (Barclays et al., 1995). The goal of Smart PLS is similar to that of multiple regression i.e. maximize variance explained while ensuring that all linkages are statistically significant (Chwelos et al., 2001; Chin, 1998; Gefen, 2004).

Results of Government sector organisations

SEM analysis through Smart PLS was carried out to test structural model and hypotheses by adopting Hulland's (1999) two phase approach. In first phase we addressed measurement model (Table 2) with cross loadings greater than .7. Subsequently AVE, R² and Convergent-Discriminant validity of the model was tested (Hair et al 2010).

¹ In Pakistan, formal retirement age for employee is 60 years (Khilji 2003).

² Abbreviations: TLM stands for top-level management, MLM for middle-level management, FLM for first-line or supervisory level management.

Table 2 Cross Loadings

Construct	Lack of clear Career Development	Lack of Job Satisfaction	Job Stress	Turnover Intension
CD1	0.706			
CD3	0.925			
JS1	0.475	0.913		
JS2	0.525	0.940		
JS3	0.494	0.735		
JST1	0.324	0.341	0.740	
JST2	0.238	0.279	0.765	
JST3	0.356	0.363	0.843	
JST4	0.381	0.378	0.721	
TINT1	0.421	0.506	0.389	0.707
TINT2	0.334	0.332	0.317	0.922
TINT3	0.325	0.332	0.316	0.933
TINT4	0.317	0.330	0.325	0.919

Table 3 shows the convergent-discriminant validity of the measurement model (Davis, 1989; Salisbury, Chin, Gopal, & Newsted 2002). These correlations on the diagonal of table 3 are higher than the correlations between the constructs. This shows greater convergence of measures on their intended constructs than on the unintended constructs, which demonstrates that the constructs were relatively distinct and well-operationalized.

Table 3 Convergent-Discriminant Validity of the measurement model

	Job Stress	Lack of CD	Lack of CD/Sat	Lack of Job Sat	Turnover Intention
Job Stress	0.746				
Lack of CD	0.522	0.823			
Lack of CD/Sat	0.521	0.664	0.808		
Lack of Job Sat	0.465	0.696	0.679	0.841	
Turnover Intention	0.408	0.424	0.477	0.459	0.856

Table 4 depicts Average Variance Extracted (AVE), higher than 0.5 (Fornell & Larcker, 1981), composite reliability above 0.7 (Nunnally, 1978) and R^2 values of measurement model which are satisfactory and suggest that the model provides a good fit to the data. For Convergent validity, the AVE is greater than 0.5 for each construct. Internal Consistency reliability indicators load onto the constructs better than onto the other constructs. The R^2 is weak but there are some objections to the use of R^2 in the literature (Rosenthal and Rubin, 1982).

Table 4 Average Variance Extracted, Composite Reliability and R^2

Construct	AVE	Composite Reliability	R-Square
Job Stress	0.556	0.832	0.271
Lack of CD	0.677	0.805	0
Lack of CD/Sat	0.652	0.900	0.997
Lack Job Sat	0.707	0.876	0.802
Turnover Intention	0.733	0.915	0.166

In second path analysis phase structural model, we re-sampled 200 times (bootstrap method) to obtain t-statistics and estimates of the standard deviations for the loadings and path coefficients (Chin, 2000; Hair et al., 2010; Hulland, 1999). Tables 5 and 6 show the direct effects, total effects, t-statistics and p-values for all items in the measurement model with high loadings for most measures.

Table 5 Direct Effects Structural Model

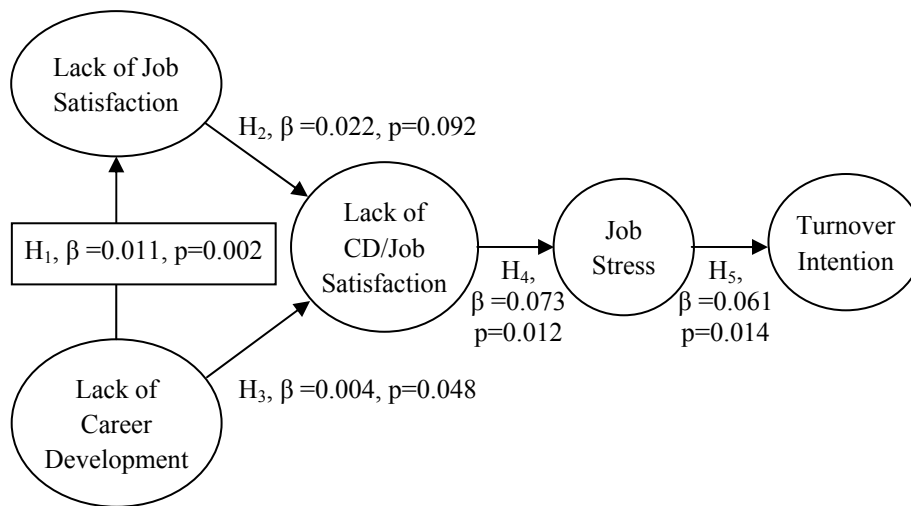
Direct Effects	Mean	Beta	SE	t-Statistics	P-value
Job Stress -> TurnIn-tent	0.419	0.061	0.061	6.727	0.014
Lack of CD -> Lack of CD/Sat	0.439	0.022	0.022	19.743	0.048
Lack of CD -> Lack-JobSat	0.899	0.011	0.011	81.275	0.002
Lack of CD/Sat -> Job Stress	0.528	0.073	0.073	7.183	0.012
LackJobSat -> Lack of CD/Sat	0.586	0.022	0.022	26.996	0.092

Table 6 Total Effects of Structural Model

Total Effects	Mean	Beta	SE	T-Statistics	P-value
JobStress -> TurnInt	0.419	0.061	0.061	6.727	0.014
Lack of CD -> Job Stress	0.509	0.069	0.069	7.231	0.093
Lack of CD -> Lack of CD/Sat	0.965	0.004	0.004	237.848	0.003
Lack of CD -> Lack-JobSat	0.899	0.011	0.011	81.275	0.002
Lack of CD -> TurnInt	0.216	0.053	0.053	3.891	0.073
Lack of CD/Sat -> JobStress	0.528	0.073	0.073	7.183	0.012
Lack of CD/Sat -> TurnInt	0.224	0.055	0.055	3.876	0.077
LackJobSat -> JobStress	0.309	0.044	0.044	6.997	0.033
LackJobSat -> Lack of CD/Sat	0.586	0.022	0.022	26.996	0.090
LackJobSat -> TurnInt	0.131	0.033	0.033	3.816	0.096

Hypotheses testing

Figure 2 presents the structural model of employee turnover intention where all five hypotheses were supported. H1 and H3 tested the relationship of lack of career development (lack of CD) with lack of job satisfaction (lack of Jobsat) and lack of CD/jobsat respectively. A positive and significant relationship for lack of CD was observed with lack of job satisfaction ($\beta = 0.011$; $p = 0.002$) and lack of jobsat with lack of CD/Jobsat with $\beta = 0.004$; $p = 0.048$ respectively. A positive and significant relationship was observed in H3 between lack of jobsat with lack of CD/Jobsat at the level of $\beta = 0.022$; $p = 0.092$.

Figure 2 Structural Equation Model Predicting Employee Turnover Intention

H4 represented the relationship of lack of CD/Jobsat with Job stress. A positive and significant relationship was observed between these two latent constructs at the level of $\beta = 0.073$; $p = 0.012$. Similarly, H5 tested relationship of job stress with turnover intention. A positive and significant relationship was observed between Job stress and Turnover Intention at the level of $\beta = 0.061$; $p = 0.014$.

Conclusions and Recommendations

The major premise in the theory of SHRM suggests promoting and retaining human capital at work. Organisations also seem keen to retain valued employees to maintain ‘competitive advantage’ by providing career development, training and promotions which generates job satisfaction and reduces job stress. This study presented PLS SEM model predicting that unclear clear career development generates job dissatisfaction which causes job stress in employees and they begin thinking to quit the organisation. Structural equation modelling (SEM) technique was particularly chosen in this study to confirm the measurement models proposed from the literature. Smart PLS SEM approach was adopted in preference to a Covariance based SEM as it can accommodate small sample size and has no distributional requirements. The structural model figure 2 presented

results from fitting the SEM to the data. All five hypotheses were supported at $\alpha = .05$ level. The direct effects of path results in table 6 indicate that unclear career development is positively related to job dissatisfaction and job stress which ultimately causes turnover intention. These hypotheses exhibit profound impact of career development on satisfaction, stress and employee intention to quit the job. Findings in structural model indicate that senior management in IT and banking sector need to recognize that more attention is required towards formulating clear career development for employees so that talented and competent workforce do not leave. Career development should also address the training component to improve skills, knowledge and education of workforce so as to reduce the fear of obsolescence of their skills and using new technology. Employees' perception of management policies on career development has an important impact on their motivation. It is important for policy makers to note that it is not always the poorest performers who intend to quit the organisation. On the contrary, talented employees have greater opportunities in labour market to switch for other firms and get comparatively higher pay. Consequently, firms need to introduce clear career development policies and practices to improve retention. Senior and top level management should consider overworked employees, responsibility with limited authority and role ambiguity also generate dissatisfaction subsequently resulting in low organizational commitment, burnout and high turnover. Consequently, employees begin thinking they are no more significant for organisation and reciprocally they think leaving. Policy makers and managers may rethink to establish clear career development to generate spiral effects of job satisfaction, low burnout and leaving limited chances for employees to think of quitting the organisation.

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