

The Moderating Effect of Perceived Alternative Job Opportunities on Pay Level Satisfaction, Intention to Remain and Life Satisfaction Relationship

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Extensive Summary

Introduction

Compensation as a primary source of income determines most of the employees' standard of livings and also affects attitudes and behaviors in the workplace depending on employees' satisfaction with their compensation. During the international and domestic literature review, it has not been come across to any study considering pay level satisfaction, intention to remain and life satisfaction relationship. Moreover, it was seen that although there exists a substantive amount of research regarding to intention to turnover; studies on intention to remain and its predictors are very limited. As a result, it was decided to investigate pay level satisfaction, intention to remain and life satisfaction relationship and whether perceived alternative job opportunities have a moderating effect between pay level satisfaction and intention to remain.

Methodology

In this study, survey method was used and via conventional sampling data was collected from 197 bakery workers in Aksaray. The questionnaire is composed of two sections. In the first section, there are questions regarding to participants 'demographic characteristics; in the second section scale items related to dependent and independent variables are presented. For life satisfaction, Diener et.al.'s (1985) life satisfaction scale (5 items); for intention to remain Armstrong-Stassen and Ursel's (2009) 3-items scale and for perceived alternative job opportunities, Weng and McElroy's (2012) 4-items scale were used. Pay level satisfaction is measured by pay level sub-dimension of Heneman and Schwab's (1985) pay satisfaction scale (4 items). All measures are rated on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). Confirmatory factor analysis results support unidimensional structures of the scales and Cronbach Alpha reliability coefficients indicate that measures are highly reliable.

Research Model and Hypotheses

Research model and hypotheses developed based on theory and previous research results are presented below:

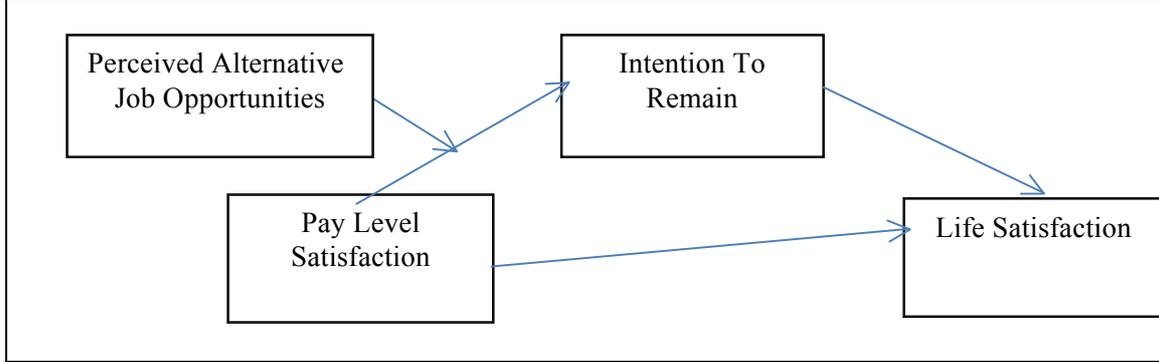


Figure 1: Research Model

H₁: Pay level satisfaction has a positive effect on life satisfaction.

H₂: Pay level satisfaction has a positive effect on intention to remain.

H₃: Intention to remain has a mediating effect on pay level and life satisfaction relationship.

H₄: Perceived alternative job opportunities have a moderating effect on pay level satisfaction and intention to remain relationship.

Findings

Results of the regression analysis show that pay level satisfaction has a positive effect on both intention to remain ($\beta=,372$; $p<0,001$) and life satisfaction ($\beta=,241$; $p<0,001$). Thereby; H₁ and H₂ hypotheses are supported. Moreover, it was found that intention to remain mediates the pay level-life satisfaction relationship (CI=%95; BootLLCI=,0297, BootULCI=,1575; Boot SE=,0320). As a result, H₃ is supported. On the other hand, the results indicate that the moderating effect of perceived alternative job opportunities on pay level satisfaction - intent to remain relationship is statistically non-significant ($\beta=,242$; $p=0,618$). Thus; H₄ is rejected.

Conclusion

Research results show that demographic variables do not have a significant effect on life satisfaction. This result does not correspond to previous research findings (Diener et al., 1993; Diener and Suh, 1998; Diener et al., 1999; Fujita, Diener and Sandvik, 1991) indicating that demographic variables have a weak but significant effect on life satisfaction. Beside this, pay level satisfaction has been found to affect both the intention to remain and life satisfaction positively. In other words, as participants' satisfaction with their pay level increases, both intention to remain and life satisfaction increase. This result supports the previous research findings (Chew and Chan, 2008; Johari et al., 2012; Diener and Diener, 1995; Veenhoven, 1991).

When we look at whether intention to remain has a mediating effect on pay level satisfaction and life satisfaction relationship, it has been found that the mediating effect is statistically significant. On the other hand, the moderating effect of perceived alternative job opportunities on pay level satisfaction - intention to remain relationship is statistically non-significant. In other words, the more an employee is satisfied with his/her pay level, the more he/she intends to remain but the strength of his/her intention to remain does not change even if he/she believes that there are more attractive job opportunities in the market for him/herself. This result can be explained by some cultural properties of Turkish society such as uncertainty avoidance, search for security and stability (Sargut, 2001). As long as participants are satisfied with their pay level, they tend to maintain their current positions (regardless of alternative job opportunities); so it is possible to say that they tend to avoid uncertainty and ambiguity that may arise as a result of job change.

Findings indicate that satisfaction with pay level affects the intention to remain and life satisfaction in the positive direction. Moreover, those who are satisfied with their pay level tend to continue to work in their current jobs, even if they believe that there exists more attractive job opportunities for them. For this reason, it can be said that pay level satisfaction should be taken into account by employers as an important factor for both motivation and retention of employees. However, it should be noted that pay level satisfaction is a subjective evaluation which is significantly determined by employee's expectations. Whether one's expectations are realistic or not; the degree of pay level satisfaction is shaped by these expectations and affects employee's intention to continue to work in his/her current job. Therefore, it can be said that during the recruitment periods, it is necessary to take pay level expectations of candidates into account and to pay attention not to open the gap so much between the actual and expected pay levels for those who are already employed

Although research findings may contribute to the relevant literature; there are a number of limitations of this research. First of all, this is a cross-sectional study and the data were collected from a single source in a single time period. Beside this, since the sample consists of only bakery workers, the generalizability of the findings is very limited. For further research, in order to broaden the understanding of the factors affecting intention to remain and its impacts on life satisfaction; the inclusion of perceived job security, job satisfaction and manager support into the model can be suggested.