

# THE RELATIONSHIPS BETWEEN LMX, JOB SATISFACTION AND TURNOVER INTENTION

\*Ghulam Ali Bhatti<sup>1</sup>, \*Talat Islam<sup>2</sup>, Hammad Hassan Mirza<sup>1</sup>, Fauzia Hadi Ali<sup>3</sup>

<sup>1</sup>Department of Business Administration, University of Sargodha, Sargodha.

<sup>2</sup>Department of Business Administration, University of Sargodha, Lahore.

<sup>3</sup>Hailey College of Commerce, University of the Punjab, Lahore.

\*E-mail: ghulamali\_bhatti@yahoo.com & talatislam@yahoo.com

**ABSTRACT:** *The study is an attempt to examine the relationships between LMX, turnover intention and job satisfaction among the nurses working in the Pakistani health-care sector. To achieve the purpose, the data was collected from 280 respondents. The results of the study revealed that LMX has positive association with nurses' job satisfaction, while it has a negative association with their intention to leave the organization. On the other hand, job satisfaction was found to perform the role of partial mediation between LMX and turnover intention.*

**Key Words:** Leader-Member Exchange Quality, Job Satisfaction, Turnover Intention, Health-care Sector

## INTRODUCTION:

A number of studies have been conducted on the health care institutions in terms of what contribute to nurse turnover as it has become a major problem along with the nurse shortage across the globe [1]. On the other hand, retention has become essential for healthcare as replacement of nurses is expensive and difficult. So far more than 5000 research articles have been published addressing the problem of turnover, but researches still remain to understand the actual cause. Therefore, psychologists are of the view that it's better to understand turnover intention instead of actual turnover [2].

Researchers have identified a number of causes of turnover such as stress [3] and working hours [4], however leader member exchange and job satisfaction have not been focused frequently. According to Smith *et. al.* [5], employees quit their bosses rather quitting their organizations. The relationship between employees and their supervisors can be explained with the concept of Leader-Member Exchange (LMX). According to Gerstner *et. al.* [6], among many consequences of LMX, its relationship with turnover intention is unclear. Gerstner [6], further suggested examining this association by incorporating mediating variables.

Respond to the call of Gerstner *et. al.* [6], the present study aims to examine the mediating role of job satisfaction between LMX and employee turnover intention among the health care sector of Pakistan.

## Hypotheses Development:

Others [7], argued that leaders always have different behaviors when talking to subordinates. Employees having higher level of LMX are more satisfied and manage to perform better because of this they get attention from their leaders (i.e. supervisors). Job satisfaction is "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (p. 1304)". The social exchange theory of [8] states that, there exists an exchange relation between parties. Similarly, employees who hold higher quality LMX get their supervisors attention as an exchange relation. According to authors in [9], such kind of social exchange enhances employees' level of job satisfaction.

Empirical studies have investigated performance [10], organizational citizenship behaviour [11] and organizational commitment [12]. On the other hand, researchers have also examined its association with job satisfaction [13]. Others

[14], attempted to examine the association between high quality LMX and employees' attitudes among health care sector and found a relationship between both the variables. Hence, the study assumed that,

H1: LMX is positively associated with Job Satisfaction.

Turnover theories suggest that it is because of individual's dissatisfaction regarding their current job [e.g. 15]. According to the theory employee's who are not satisfied with their present job thought to leave the current organization and try to find alternative jobs.

According to Pepe *et. al.* [16], the importance of job satisfaction cannot be ignored because it benefits both employees and employers. Satisfied employees can put more efforts and energy in their tasks. On the other hand, employers could get best outputs from the satisfied employees. Pepe *et. al.* [16]. further added that employee's turnover intentions reduced with the increase in their satisfaction. Similarly [17] noted that highly satisfied employees not only benefit the organization in saving job related costs but also reduces their intentions to leave the organization which ultimately reduce turnover. Many studies have been conducted to explore the relationship between employee's job satisfaction and their turnover intentions (e.g. 18, 19). In [19] author made an attempt to develop a model in the nurse sector and found that job satisfaction is closely related to the employees' turnover intention. Hence it is assumed that,

H2: Job satisfaction is negatively associated with turnover intention.

According to authors in [20], LMX is a trust based relationship and employees with high LMX quality can get more information based support from their leaders. Hence, they are more likely to get the organizational related benefits comparing with employees having low LMX. Some [21] commented that LMX enhances employees' perception of organizational support which ultimately contributes towards employees' level of job satisfaction. In addition to this, [22] also noted that employees with high LMX quality exhibits less intentions to leave the organization. Following the arguments, others [18] studied the mediating role of job satisfaction between LMX and turnover intention. Their findings revealed that job satisfaction is a mediator between LMX and turnover

intention. They further suggested examining the same to generalize the results. Hence this study assumed that, H3: Job satisfaction mediates the association between LMX and turnover intention.

**METHODS**

The study collected data from the nurses working in Pakistani public health-care sector. A total of 400 questionnaires were distributed towards respondents on the basis of convenience sampling method, among which 298 responded back. On final evaluation 18 responses were found to be incomplete and were excluded from the study and remaining 280 questionnaires with the response rate of 70 percent were further analyzed. Respondents were assured about the confidentiality of their data.

The study used adapted questionnaire from the previous studies as they are more accurate and have internal consistency as well. The respondents were asked on a five points Likert scale ranging from 1-strongly disagree to 5-strongly agreed.

A seven items scale developed elsewhere [23] was used to measure the nurses level of LMX quality and reported its reliability as 0.86. Using the same questionnaire, [24] reported its reliability as 0.87. Thus, the study used same seven items scale and a sample item includes, “My supervisor understands my needs and job related problems very well”. To measure employees’ intention of turnover, a three items scale of [15] was used. A sample item includes, “As soon as I can find a better job, I will leave the hospital”. Finally, to measure the nurses’ job satisfaction, a three items scale of [25] was used. [26] used the same scale and noted its reliability as 0.74. A sample item includes, “In general, I like working here”.

The nurses were also evaluated on the basis of certain demographical characteristics. On the basis of age, majority of the respondents were between the age of 25-35 years (56%), having a nursing diploma (62%) in the relevant field. On the basis of marital status, majority of them were unmarried (53%) with the working experience of less than two years (48%).

**RESULTS AND DISCUSSION:**

The results of the table 1 identify the values of mean, correlation and cronbach’s alpha. The mean score of the variables identifies that majority of the respondents are near

to agree regarding their perceptions of LMX quality and job satisfaction (i.e. 3.56 & 3.79 respectively). However, respondents seem to have slightly higher intentions to turnover from their jobs (i.e. 3.82).

On the other hand, all the values of Cronbach’s Alpha are well above the standard value of 0.70. This shows that the scale used in the study has internal consistency. The values of the table identifies a high positive association between LMX and job satisfaction ( $\beta=0.48$ ,  $p<0.01$ ). This shows that employees with the high level of LMX are more satisfied with their jobs. On the other hand, a negative association was observed between LMX and turnover intention ( $\beta=-0.34$ ,  $p<0.01$ ). This shows that employees with the high LMX quality exhibit less intention to leave the organization. Islam et al., (2013) also noted the same among the employees of banking sector that LMX negatively effects turnover intention.

The study applied SEM to examine the indirect effect of job satisfaction between the relationship of LMX and turnover intentions. The values of the model fit found to the good i.e.  $\chi^2=69.65$ ,  $df=52$ ,  $\chi^2/df= 1.34$ ,  $p =.00$ ,  $NFI=0.96$ ,  $GFI=0.94$ ,  $IFI=0.95$ ,  $AGFI=0.97$ ,  $CFI=0.98$ ,  $TLI=0.98$ ,  $RMSEA= 0.046$  (see figure 1). The direct path between LMX and TI was found to be negative but significant (path coefficient = -0.32) and the indirect path was found to be negative but significant (path coefficient = -0.20). This identifies that job satisfaction performs the role of partial mediation between LMX and TI.

**LIMITATIONS AND CONCLUSION:**

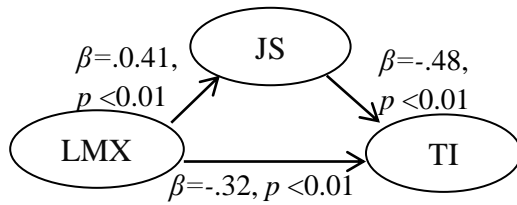
The present study was not limitation free. First, the data was conducted at one point of time which leaves room for speculators; therefore the future studies should conduct longitudinal analysis. Second, the findings of the present study are confined to the Pakistani public health-care sector. in order to enhance the generalizability of the study should be replicated in other geographical areas as culture impact employees attitudes. Finally, this study examine the mediating role of job satisfaction between LMX and turnover intentions, future researchers should consider other variables as well like organizational commitment and citizenship behavior.

**Table 1: Mean, Standard Deviation, Correlation and Cronbach’s Alpha**

Variables	Mean	S.D	1	2	3
1. LMX Quality	3.56	0.67	(0.87)		
2. Job Satisfaction	3.79	0.72	0.48**	(0.79)	
3. Turnover Intention	3.82	0.76	-0.34**	-0.46**	(0.81)

Note: S.D= Standard Deviation; () Reliability

\*\* P<0.01



**Model Fitness Values**

$\chi^2=69.65$ ,  $df=52$ ,  $\chi^2/df= 1.34$ ,  $p =.00$ ,  
 NFI=0.96, GFI=0.94, IFI=0.95,  
 AGFI=0.97, CFI=0.98, TLI=0.98,  
 RMSEA= 0.046

**Figure 1:** Mediation Analysis LMX-JS-TI

The study was aimed to examine the relationships between LMX, turnover intention and job satisfaction among the nurses working in Pakistani health-care sector. The results of the study revealed that LMX has positive association with nurses’ job satisfaction, while it has a negative association with their intention to leave the organization. On the other hand, job satisfaction was found to perform the role of partial mediation between LMX and turnover intention.

**REFERENCES**

[1] World Health Organization, “*The World Health Report 2006: Working Together for Health*”. WHO, Geneva, 2006.

[2] T. Islam, “*Organizational learning culture and perceived organizational support as antecedents of employees job related outcomes*” PhD thesis submitted to Universiti Teknologi Malaysia, 2014.

[3] N. Ramrup, and M. Pacis, “The relationship between job satisfaction and job-related stress and how it influences retention to leave oncology nursing”, *Oncology Nursing Forum*, vol. 35, pp. 538-543, 2008.

[4] S.R. Simons, “Workplace bullying experienced by nurses newly licensed in Massachusetts and the relationship to intention to leave the organization”, *Advances in Nursing Science*, vol. 31, pp. 48–59, 2008.

[5] G.P. Smith, “Keeping good employees means having good managers”, 2000. Available at: <http://www.managerwise.com/article.phtml?id=32>, accessed 21 June 2010.

[6] C.R. Gerstner, and D.V. Day, “Meta-analytic review of leader member exchange theory: correlates and construct issues”, *Journal of Applied Psychology*, vol. 82, pp. 827–844, 1997.

[7] G.B. Graen, and J.F. Cashman, “A role making model in formal organizations: a developmental approach”, In *Leadership Frontiers* (J.G. Hunt & L.L. Larson eds), pp. 143–165. Kent State Press, Kent, OH, 1975.

[8] P.M. Blau, “*Exchange and Power in Social Life*”, Wiley, New York, N, 1964.

[10] K.J. Dunegan, M. Uhl-Bien, and D. Duchon, “LMX and subordinate performance: the moderating effects of task characteristics”, *Journal of Business and Psychology*, vol. 17, pp. 275–285, 2002.

[11] R.J. Deluga, “Supervisor trust building, leader-member exchange and organizational citizenship behaviour”,

*Journal of Occupational and Organizational Psychology*, vol. 67, pp. 315–326, 1994.

[12] R.M. Dienesch, and R.C. Liden, “Leader-member exchange model of leadership: a critique and further development”, *Academy of Management Review*, vol. 11, pp. 618–634, 1986.

[13] R.T. Sparrow, “Empowerment in the hospital industry: an exploration of antecedents and outcomes”, *Hospitality Research Journal*, vol. 17, pp. 51–73, 1994.

[14] S. Tangirala, S.G. Green, and R. Ramanujam, “In the shadow of the boss: effects of supervisors\_ upward exchange relationships on employees”, *Journal of Applied Psychology*, vol. 92, pp. 309–320, 2007.

[15] W. Mobley, “*Employee Turnover: Causes, Consequences, and Control*”, Addison-Wesley, Reading, MA, 1982.

[16] M. Pepe, “The Impact of Extrinsic Motivational Dissatisfiers on Employee Level of Job Satisfaction and Commitment Resulting in the Intent to Turnover”, *Journal of Business and Economics Research*, vol. 8, pp. 99-107, 9//2010.

[17] A.G. Tekleab, and D.S. Chiaburu, “Social exchange, empirical examination of form and focus”, *Journal of Business Research*, vol. 64, pp. 460-466, 2011.

[18] R-T. Miao, X-L. Hou, and D. Kim, “The antecedents and consequences of job satisfaction in China”, *Advance in education and management*, 211, 141-147, 2011.

[19] F. Calisir, C.A. Gumussoy, and I. Iskin, “Factors affecting intention to quit among IT professionals in Turkey”, *Personnel Review*, vol. 40, pp. 514-533, 4//2011.

[20] G.B. Graen, and M. Uhl-Bien, “Relationship-based approach to leadership: development of leader-member exchange (LMX) theory of leadership over 25 years: applying a multilevel multi domain perspective”, *Leadership Quarterly* vol. 6, pp. 219–247, 1995.

[21] S.J. Wayne, L.M. Shore, and R.C. Liden, “Perceived organizational support and leader-member exchange: a social exchange perspective”, *Academy of Management Journal*, vol. 40, pp. 82–111, 1997.

[22] T.N. Bauer, B. Erdogan, R.C. Liden and S.J. Wayne, “A longitudinal study of the moderating role of extraversion: leader- member exchange, performance, and turnover during new executive development”,

- Journal of Applied Psychology*, vol. 91, pp. 298–310, 2011.
- [23] T.A. Scandura, and G.B. Graen, “Moderating effects of initial leader-member exchange status on the effects of a leadership intervention”, *Journal of Applied Psychology*, vol. 69, 428–436, 1984.
- [24] T. Islam, S.R. Khan, U.N.U. Ahmad, and I. Ahmed, “Organizational Learning culture and leader-member exchange: the way to enhance organizational commitment and reduce turnover intentions”, *The Learning Organization*, vol. 20, pp. 322-337, 4/5//2013.
- [25] C. Cammann, M. Fichman, G.D. Jenkins, Jr. and J. R. Klesh, (1983), “Assessing the attitudes and perceptions of organizational members”, in Seashore, S.E., Lawler, E.E., Mirvis, P.H. and Cammann, C. (Eds), *Assessing Organizational Change*, John Wiley and Sons, New York, NY, 1983.
- [26] T. Islam, S. Khan, U.N.U. Ahmad, G. Ali, and I. Ahmed, “Organizational learning culture and psychological empowerment as antecedents of employees’ job related attitudes: a mediation model”, *Journal of Asia Business Studies*, vol. 8, PP. 249-263, 3//2014.