

RELATIONSHIP BETWEEN JOB SATISFACTION AND EMPLOYEES' INTENTION TO LEAVE IN AUDITING FIRMS

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ABSTRACT

Auditing firms are aware of their negative portrayal and have implemented programs to recruit and retain employees; however, high employee turnover remains to be a problem (George & Wallio, 2017). Many determinants were identified to affect employees of auditing firms to their current organization, but job satisfaction proves to significantly affect employee retention. Thus, this study was conducted to determine the relationship between job satisfaction and the auditors' intention to leave. Data for the study was collected using a standardized questionnaire containing two parts: part (1) one for the measurement of the level of job satisfaction and part (2) two for auditors' intention to leave. The data gathered was then analyzed using mean, to quantify auditors' level of job satisfaction and intention to leave and Pearson r , to determine the relationship between job satisfaction and employees' intention to leave. This study revealed that the respondents, junior and senior audit associates, are satisfied with their current organization and very often intend to leave their current organization. Moreover, findings show that job satisfaction has a significant but moderate influence on employees' intention to leave. This shows that even if employees are highly satisfied with their job, it is not assured that they don't intend to leave.

Keywords: Job Satisfaction, Intention to Leave, Auditing Firms

INTRODUCTION

One of the observable situations that most auditing firms have been experiencing is high turnover among its staff. They fear that after investing in the training of the employee, he will suddenly quit from the organization (Berk & Gundogmos, 2018); they have implemented programs to solve this problem. Different motivational and employee wellness-centered activities were employed; however, high employee turnover remains to be a problem (Hasin & Omar, 2007). High employee turnover has negative consequences such as low staff morale and increased expenditures for replacement and training (Cahan et al, 2015). The high level of employee turnover in auditing firms has stimulated considerable researches to identify and resolve the factors increasing employees' intention to leave. Many factors can cause for audit staff to leave their job positions; however, job satisfaction proves to significantly affect employee retention (Hasin & Omar, 2007). Auditors' output is highly affected by their satisfaction in their working environment. The slightest dissatisfaction can already result to reduce work-effort and increased

Accountancy, Business and Hospitality Research Bulletin error rate in output which is likely to cause loss of money. Therefore, it is imperative to maintain a satisfactory level of job satisfaction in auditing firms to reduce employee turnover (Thamnajit & Kji boonchoo, 2015).

Job satisfaction is identified as the emotional reaction of an employee with the actual status of his employment in comparison to his expectations (Moyes et. al, 2008). Hasin & Omar (2007) suggest that job satisfaction and employees' intention to leave have an inverse relationship. The study indicates that individuals who experience relatively low job satisfaction tend to change work. Prior studies investigated that factors such as job-related stress, company policies, monetary compensation, quality of work environment, participation in decision making, supervision, and advancement are considered influencing factors to job satisfaction (Hasin & Omar, 2007; Cahan et al, 2015; George & Wallio, 2017; Hall & Smith, 2009). These studies are consistent with their findings; however, in terms of employees' participation in decision making, there were contradicting findings. George & Wallio (2017) identified that participation in decision making and employees' intention to leave have an indirect relationship. However, the relationship between decision making justice and intention to leave has been negated by Hall & Smith's (2009) study. As the researchers have not encountered any related study under the Philippine settings, therefore, this study is conducted to determine the applicability of these elements in auditing firms in the Philippines.

Research Objectives and Questions

This study aimed to determine the relationship between the level of job satisfaction and employees' intention to leave in auditing firms.

Specifically, it answers the following questions:

1. What is the level of job satisfaction in terms of:
 - a. Company Policies
 - b. Monetary Compensation
 - c. Quality of Work Environment
 - d. Interpersonal Relationship
 - e. Participation in Decision Making
 - f. Supervision
 - g. Training and Promotional Activities
 - h. Workload Flexibility
 - i. Working Hour Flexibility
 - j. Achievement and Evaluation Programs
2. What is the intention of the respondent to leave the organization?

3. Is there a significant relationship between the level of job satisfaction and employees' intention to leave the organization?

Hypothesis

There is no significant relationship between the level of job satisfaction and employees' intention to leave.

Significance of the Study

The job aspects of this study are crucial resources for management, business plan, and strategy. Understanding these factors can help employers in addressing avoidable job employment costs caused by employee turnover.

Literature Review

Conceptual Framework

For the past ten years, various studies were conducted to resolve problems relating to high employee turnover in auditing firms. One of these studies was performed by Hasin & Omar. Their findings suggest that turnover intentions among audit employees in Melaka are influenced by the complex relationship among demographic factors, job satisfaction, and job-related stress. The results of their research emphasize the significance of job satisfaction as the most direct determinant of audit staff's intention to leave their jobs or organization, however, in other studies, it is determined that job satisfaction has weak to zero influence concerning employees' turnover intentions (Anwar & Shukur, 2015; Baridwan et al, 2016; Reukauf, J., 2018). Nine elements (which are achievement/convenient facilities, company policies, assessment/evaluation system, monetary compensation, interpersonal relationship, recognition, satisfactory work nature, adequate training, and trust) were classified to be factors affecting job satisfaction. They found out that as job satisfaction increases, auditors' intention to leave decreases. Auditors in Melaka indicated that they want better job enrichment on the aspects of facilities, evaluation system, and monetary compensation. Potential dissatisfaction on the three factors can already result to increase in employees' intention to leave.

Employees' participation in decision making, workload, and working hours flexibility were also taken into consideration by other studies. The more flexible auditors' workload and working hours are, the lower their intention to leave (Ching Fu & Ting, 2014; Mazza & Mubako, 2017). Meanwhile, there were differences in findings relating to employee's participation in decision making. George & Wallio (2017) identified that decision making participation and turnover intention have an

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inverse relationship. However, in an earlier study conducted by Hall & Smith (2009), decision making participation and auditors' intention to leave was found to have no significant relationship at all.

The problem of high employee turnover in auditing firms is constantly being addressed by industry leaders. Substituting resigning employees is costly to organizations, therefore, management must reduce the frequency at which employees, particularly those that are important in their organizational and operational structure to leave. Auditing firms who have a proper understanding of employees' job satisfaction will reduce employee turnover and save significant costs. Therefore, this study is conducted to know the relationship between the level of job satisfaction and employees' intention to leave.

Job Satisfaction of Audit Employees

Job satisfaction defines how pleased an employee is with his position of employment (Moyes et al, 2008). Also, job satisfaction consists of functional, psychological, and environmental situations that make employees express their feeling that they are pleased with their career (Thamnajit & Kijboonchoo, 2015).

Employee turnover has been an issue of concern to many organizations and the auditing profession registers to be among the list with the highest annual employee turnover. Firms are concerned with the level of turnover due to additional costs that they may incur such as costs of recruitment, training new hires, and separation fees. Although there are contradicting studies, most researches show that job satisfaction greatly affects employee turnover; the slightest dissatisfaction may lead an individual to leave the organization (Folami & Bline, 2018).

Many studies attempted to examine factors tied up to individuals employed in accounting firms affecting their level of job satisfaction. Audit employees who are provided with competent professional experience are assessed to be more pleased in their current organization. In one of the studies conducted seven factors were identified to help explain job satisfaction; job stress and organizational professional conflicts are inversely related to job satisfaction while organizational commitment, job autonomy, remuneration, quality of work-life, and supervision are positive factors that are related to job satisfaction. Job satisfaction is essentially assorted with several dimensions of organizational commitment and professionalism (Thamnajit & Kijboonchoo, 2015). These findings were further supported by a study which affirmatively indicates auditing firm's tone at the top affects job autonomy and organizational professional conflicts (OPC) and ultimately influence job satisfaction (Bamber & Venkataraman, 2009).

Given the concern with turnover cost and job performance, there is a need to better understand the antecedent variables of these factors. Attempting to examine such can help establish standards upon which auditing firms can use to evaluate job satisfaction among their employees. Employers must consider the consequences of losing their well-trained employees who might quit for better job opportunities in other organizations. An employee's departure not only affects normal operation and work quality, but also represent economic costs, both in terms of direct costs (i.e. replacement, recruitment and selection, resourcing, management time) and perhaps more considerably, in terms of indirect costs (i.e. morale, cohesion, commitment, pressure on remaining staff, organizational memory) (Dechawatanapaisal, 2018).

Intention to Leave in Auditing Firms

Employees' intention to leave is defined as the evaluation and expectation of an individual in leaving their current organization which has not been realized as an action (Pradana et al, 2013). Also, it is used to describe an individual's decision to leave an organization and seek alternative opportunities. Employees' intention to leave is considered a predecessor of actual turnover (George & Wallio, 2017). Most attention is given to the public accounting profession from its relationship with the turnover rate. This relationship has typically been characterized by a high level of turnover (Baridwan et al, 2016).

For years, firms aim to reduce employee turnovers due to their adverse effects not only on the individual but also to the organization. For each employee leaving the organization, expenses will be incurred such as separation costs, replacement costs, and training costs (Cosby & Rahim, 2016). Considering the severity of turnovers, researchers aim to determine what causes employees to leave their jobs. Many determinants were identified to be related to employees' intention to leave to name them, stress, burnout, job satisfaction, organizational commitment, gender, tenure, and organizational justice. It is purported that higher job satisfaction results to lower employees' intention to leave (George & Wallio, 2017). Moreover, employees who experience work-induced stress or are burned out are more likely to look for alternative employment (Pradana & Salehudin, 2013). Furthermore, organizational commitment is a factor of turnover that is affected by perceptions of organizational justice, which was found to be inversely related to employees' intention to leaves (Abdillah, 2018).

Organizations invest in human capital because its contribution to the organization cannot be denied in an organizational context. The success and failure of organizations highly depend upon their employees. Selection and retaining problems of employees caused many organizations to implement policies to retain

professional staff. The turnover phenomena in auditing firms are an important issue because auditors are the main capital for the firm (Baridwan et al, 2016).

Auditing Firms in the Philippines

Auditing firms are organizations rendering professional services which primarily comprised of Certified Public Accountants (CPAs) and non-CPAs. In addition, auditing firms provide several types of service offerings such as tax, assurance, and consulting services (George & Wallio, 2017).

Auditing firm employees have a very rigid hierarchy which roughly ranks from associate, senior associate, manager, senior manager, and partner. As the case with other organizations, most of the physical and time-consuming works are given to the lower position staff (George & Wallio, 2017). The demand for the services of auditing firms is high as caused by the increasing legal requirements and the need for more transparent disclosure of business transactions. Because of the organizational structure of auditing firms, the demand could aggravate the impact of the busy season workload. Moreover, auditing firms are aware of negative portrayal and have implemented programs to recruit new talent and retain existing talent.

Life in auditing firms is a challenging workplace. Elements of the public accounting environment, such as the busy season, the organizational structure, mentoring, and flexibility programs influence public accounting employees (Hermanson et al, 2016). Auditing firms must understand the relationship between job satisfaction and employees' intention to leave in order to implement programs that can reduce employee turnover and induce quality professionals in engaging in their firms.

Public auditors have been known to be a demanding profession, with frequent concerns about employee stress, burnout, and turnover (Hermanson, et al, 2016). Many studies have been built on this concern and have provided insights on how to solve this. The organizational structure of auditing firms could exacerbate the impact of the busy season workload. Public auditors have a very rigid hierarchy which roughly ranks from associate, senior associate, manager, senior manager, and partner. Assimilation among new hires indicated that a great deal of frustration was felt by them from staff and seniors with the hours in auditing firms as well as the unpredictable nature of the schedule (Church, 2014). Auditing firms are aware of these negative portrayals and have implemented programs to recruit new talent and retain existing talent. However, even with the implementation of new programs, auditing firms continuously experience high employee turnover.

Research Paradigm

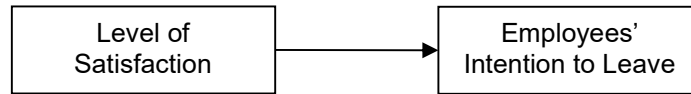


Figure 1. Paradigm of the Study

Figure 1 shows the relationship between the level of job satisfaction and employees' intention to leave. The intention of employees to leave their job may vary according to their level of job satisfaction.

METHODS

This study used a quantitative research method. The study focused on auditing firms located in Metro Manila as this is where most of the auditing firms in the Philippines are located. The respondents of the study were selected from the junior and senior associate audit staff of SGV & Co., P&A Grant Thornton, and PwC Philippines – Isla Lipana & Co. A total of 75 respondents chosen through random sampling participated in the study. A standard questionnaire is adopted from the Manual for the Minnesota Satisfaction Questionnaire as used by Hasin & Omar (2007); and George & Wallio (2017). The questionnaire is divided into two (2) sections: the first section contained questions measuring the respondents' level of job satisfaction and the second part for their intention to leave. The questionnaire is answerable in a 4-point Likert scale with the following details:

Scale	Qualitative Description	
	Level of Job Satisfaction	Employees' Intention to Leave
4	Very Satisfied	Always
3	Satisfied	Very Often
2	Dissatisfied	Rarely
1	Very Dissatisfied	Never

The researchers asked permission from school authorities to conduct data gathering of the study. After having asked permission, the researchers sent the research questionnaire to the respondents through e-mail. A non-disclosure agreement was attached to each questionnaire to ensure that information gathered was used for the sole purpose of this study. The auditors' level of job satisfaction and their intention to leave were computed using mean. The degree of satisfaction and intention to leave is described using the following scale:

Computed Mean	Descriptive Value	
	Job Satisfaction	Intention to Leave
3.26 – 4.00	Very Satisfied	Always
2.51 – 3.25	Satisfied	Very Often
1.76 – 2.50	Dissatisfied	Rarely
1.00 – 1.75	Very Dissatisfied	Never

The relationship between the level of job satisfaction and employees' intention to leave was analyzed using Pearson r. The degree of relationship is described as follows:

Pearson r	Degree of Relationship
+1	Perfect
+0.50 - +0.99	High
+0.30 - +0.49	Moderate
+0.01 - +0.29	Low
0	No relationship

RESULTS

Respondents' Level of Job Satisfaction

The first objective of this study is to determine the level of job satisfaction in terms of the identified job aspects. The summarized output is shown below:

Table 1: Summary of Level of Job Satisfaction

Job Aspects	Level of Job Satisfaction	Descriptive Value
Company Policies	3.28	Very Satisfied
Monetary Compensation	2.51	Satisfied
Quality of Work Environment	3.27	Very Satisfied
Interpersonal Relationship	3.59	Very Satisfied
Participation in Decision Making	3.11	Satisfied
Supervision	3.32	Very Satisfied
Training and Promotional Activities	3.14	Satisfied
Workload Flexibility	2.87	Satisfied
Working Hour Flexibility	2.59	Satisfied
Achievement and Evaluation Programs	3.27	Very Satisfied
Composite Mean	3.10	Satisfied

From the above table, it can be gleaned that the respondents are satisfied with their current employment at a mean of 3.10. The aspects of interpersonal relationship and supervision showed the highest level of satisfaction, at means of 3.59 and 3.32, respectively. On the other hand, monetary compensation and working hour flexibility showed the lowest, at means of 2.51 and 2.59, respectively.

Auditors' Intention to Leave

The study measured the respondents' intention to leave. The results of the survey are in Table 2. Questions 1 – 3 ask about their intention to leave while questions 4 – 5 delve into their intention to stay in their current organization. To derive the composite mean, the corresponding value given for their responses in questions 4 and 5 were measured in reverse.

Table 2: Employees' Intention to Leave

Questions	\bar{x}	Descriptive Value
I am thinking about quitting my job.	3.16	Very Often
I am starting to ask my friends about other job possibilities.	3.2	Very Often
I often look to see if accounting positions in other firms are open.	2.89	Very often
I plan to remain in my current organization until I retire.	1.57	Never
I plan to remain in my organization for one or two more years.	2.96	Very Often
Composite Mean	2.94	Very Often

The table revealed that respondents intend to leave their current organization very often ($= 2.94$). They often think of quitting their jobs ($= 3.16$) and have started asking their friends about other job offers ($= 3.2$), however, they also often think of remaining in their current organization for one to two more years but never think of staying in the organization until retirement.

Relationship between Job Satisfaction and Employees' Intention to Leave

The relationship between job satisfaction and employees' intention to leave was determined. The individual relationships of aspects of job satisfaction with the intention to leave were also identified. The findings are as follows:

Table 3: Summary of Relationships between aspects of Job Satisfaction and Employees' Intention to Leave

Job Aspects	Pearson r	Degree of Relationship
Company Policies	-0.29	Low
Monetary Compensation	-0.47	Moderate
Quality of Work Environment	-0.22	Low
Interpersonal Relationship	-0.12	Low
Participation in Decision Making	-0.25	Low
Supervision	-0.18	Low

Training and Promotional Activities	-0.24	Low
Workload Flexibility	-0.26	Low
Working Hour Flexibility	-0.37	Moderate
Achievement and Evaluation Programs	-0.08	Low
Job Satisfaction	-0.32	Moderate

As gleaned from the table, all the job aspects and overall job satisfaction considered in the study have an inverse relationship with employees' intention to leave. Among the job aspects above, monetary compensation registered to have the strongest relationship with intention to leave ($r = -0.47$), however, it only registered a moderate degree of correlation. Achievement and evaluation programs showed the weakest relationship with intention to leave, having a degree of correlation of $r = -0.08$. Overall job satisfaction showed a moderate degree of correlation with the intention to leave of $r = -0.32$. Therefore, there is a significant relationship between job satisfaction and employees' intention to leave.

DISCUSSION

The study probed on the relationship between job satisfaction and employees' intention to leave.

The auditors showed to have at least a satisfied level on the different job aspects. The auditors showed the highest level of satisfaction in the aspects of interpersonal relationships and supervision. This shows that auditors have high regard for the quality of relationships they establish with their coworkers and also with the management. Results also showed that they are very satisfied in terms of company policies, quality of work environment, and achievement and evaluation programs. On the other hand, auditors showed to be satisfied in terms of monetary compensation, participation in decision making, training and promotional activities, workload flexibility, and working hour flexibility.

The results show that the respondents very often intend to leave their current organization. As the respondents of the study are focused on young auditors, junior and senior audit staffs, their intention is not to work in auditing firms in the long term but only looking for work experience or waiting for another job opening. This can be gleaned based on the answers in the second part of the questionnaire wherein the respondents show to be thinking of quitting their job very often but are also willing to stay in the organization for one to two more years.

Looking at the individual relationship of the job aspects with the intention to leave, the auditors are very satisfied in terms of achievement and evaluation

programs, however, this variable showed to be of little influence ($r = -0.08$) to determine employees' intention to leave. This is also the case with interpersonal relationship and supervision, but these factors showed a slightly higher influence (Interpersonal Relationship: $r = -0.12$, Supervision: $r = -0.18$) to the employees' intention to leave. This shows that employees take little consideration of the three factors when deciding to leave their current organization, however, it does not mean that these factors should be disregarded. It should be noted that employees look at these factors in choosing the company that they want to be employed and increases the rate of job performance (Thamnajit & Kji boonchoo, 2015).

Among the aspects of job satisfaction, monetary compensation and working hour flexibility showed the strongest influence and the lowest level of job satisfaction. This means that the higher employees are getting paid and the more flexible their working hour is, the lower their intention to leave. It cannot be denied that, compared to other countries, the lowest level audit positions are paid lower in the Philippines resulting in high employee turnover. In terms of working hour flexibility, auditors experience a hectic schedule throughout the year. Based on the results, the respondents want better compensation and a more flexible work-life balance.

The studies of George & Wallio (2017) and Hall & Smith (2009) showed disparaging findings on employees' participation in decision making. George & Wallio (2017) identified that decision making participation and turnover intention have an inverse relationship. However, Hall & Smith (2009) stated that decision making participation and employees' intention to leave were found to have no significant relationship at all. The findings of this study are consistent with that of George & Wallio that employees' participation in decision making and intention to leave have an inverse relationship although the influence is only minimal.

Overall, it is determined that there is an inverse but moderate relationship between job satisfaction and employees' intention to leave. This is in contrast with the findings of Hasin & Omar (2007); Ching Fu & Ting (2014); Mazza & Mubako (2017); George & Wallio (2017); and Hall & Smith (2009) that job satisfaction significantly affects employees' turnover intentions. The contradiction with these findings may be caused by the environmental differences between working conditions in the Philippines and the setting of the studies. However, the findings of the study are in congruence with the studies of Anwar & Shukur, (2015); Baridwan et al, 2016; and Reukauf, (2018). Job satisfaction is an indicator of employee turnover but there may be better indicators; employees may be satisfied with their job but there are other factors that may drive them to leave their current organization (Reukauf, 2018).

CONCLUSION

This study concludes that job satisfaction is related to employees' intention to leave in auditing firms.

RECOMMENDATION

This study has limited overviews due to the relatively small number of respondents used. Moreover, although the participating auditing firms in this study were among the top five auditing firms, there are many auditing firms in the country which provide a different kind of working environment to its employees as to what the three participating auditing firms provided. Therefore, future research should increase the sample size and partner with other auditing firms to encapsulate the differences in the job satisfaction provided by each auditing firm. As for the participating firms, there is a need to give better monetary compensation and more flexible working hours to its auditors.

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