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http://dx.doi.org/10.1080/15332845.2014.904169

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Exploring the Antecedents of Staff Turnover within the Fast-food Industry: The case of Hamilton, New Zealand.

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Exploring the Antecedents of Staff Turnover within the Fast-food Industry: The case of Hamilton, New Zealand.

Abstract:

The purpose of this study is to investigate within four multinational fast-food chains the relationships between job satisfaction and job turnover in Hamilton, New Zealand. The study seeks to reveal the antecedents of intention to leave the current job among workers. The partial least squares path modelling (SmartPLS 2.0) is used to specify a theoretical model for analyses to identify the antecedents of satisfaction/dissatisfaction. A survey approach was undertaken to accumulate responses. Data analysis indicates that workers are not satisfied with their jobs and this leads to increased intentions to leave. The results of the model estimation reveal that Training and Recognition, Job Security and Loyalty are positively related with the job satisfaction. The outcomes of the study support the conclusion that in order to reduce staff turnover, fast-food industry management should develop strategies with emphasis on training, recognition of the employees, creating a feeling of job security and trying to develop loyalty amongst its employees.

Keywords:

Staff turnover, Fast-food, New Zealand, Job Security and Loyalty.
Introduction

Staff turnover in the hospitality industry has been an area of intensive research for decades in different parts of the globe. Ineson, Benke and Laszlo (2012); Yang, Wan and Fu (2012); Alonso and O’Neil (2009); Kuruüzüm, Anafarta and Irmak (2008); Chand and Katou (2007); Zhang and Wu (2004); Birdir (2002); are few examples of research into staff turnover. Despite these and many more studies done on the topic researchers seem no closer to finding a solution to restrict or resolve issues that lead to staff turnover in the industry. Consequently, research into staff turnover is expected to continue and become more challenging considering the geographical, social, economic and cultural diversity that exists in the global market place. This diversity creates the need and opportunity to continue further research. The purpose of the current study was to examine the following objectives within the context of Australasia and contribute to the literature with information from a geographic location where research in this area is scarce. Further, the study proposes a theoretical model (Figure 1) and assesses whether career perception, training and recognition, job security and loyalty, personal development and lifestyle are antecedents of employees’ job satisfaction and impact their intentions to leave the fast-food industry in Hamilton, New Zealand. Five hypotheses are proposed to test whether level of agreement with hypotheses statements will impact employees’ satisfaction/dissatisfaction and intention to leave the job.

The study also makes recommendation for practitioners based on its findings.

The main objectives of this study are to assess:

- Whether career perception impacts level of satisfaction with the job of staff working in the fast food industry.
• Training and recognition provided to the staff working in the fast food industry impacts their level of satisfaction with the job.

• Job security and loyalty of staff towards the organization impacts their level of satisfaction with the job in the fast food industry.

• Personal development and life style offered by the fast food industry to its staff, impacts the satisfaction level of the staff.

• Level of satisfaction/dissatisfaction with the job in the fast food industry impacts staff intention to quit the job.

Employment within the fast-food industry is categorised by specific factors such as; low skilled, part-time, casual, low paid and short-term, stop gap employment. This type of employment is seen as demeaning, alienating and “not big enough for the human spirit” as suggested by Allan, Bamber and Timo (2005). These characteristics of the job don’t help to generate commitment and job satisfaction is low. Job satisfaction impacts how employees feel about their work, if it is not possible to feel good about a job well done, or to feel satisfied with aspects of the job, employees may re-evaluate work position (Sellgren, Ekvall and Tomson 2007). The study is distinctive as it analyses employees’ intention to leave their job in the fast-food industry in New Zealand, a geographic location where research in staff turnover in the fast-food industry is specifically limited. The study findings represent opinions of respondents from specific multinational organisations which include McDonalds, KFC, Subway and Burger King. The outcomes have implications for both theory and practice; they involve grouping variables to construct level of satisfaction/dissatisfaction and assess intentions to leave the current job.
The value of staff in any organisation is not only limited to academic research, private consultants are also entranced, for example the claim made by Step Business Builders (2010) that “… once businesses determined the future of the workforce, now the workforce determines the future of the business”. The Consultants of Hospitality Administrators International in their report (2012) on ‘The Employee Turnover’ state that “… studies have shown that the average turnover level among non-management hotel employees in the US is about 50% and about 25% for management staff”. The report further states that according to research conducted by the American Hotel and Motel Association, estimates of average annual employee turnover range from 60 to 300 percent (CHA International - http://www.cha-international.com/The-Hotel-Employer-Turnover) Hence, it is imperative for management to understand staff’s satisfaction levels, their intention, if any, to leave the current job so as to help reduce staff turnover. Based on this premise, the study assesses the impact of the following factors on level of satisfaction/dissatisfaction and intentions to leave the current job:

- career perception
- training and recognition
- job security and loyalty
- personal development and lifestyle

**Theoretical Framework and Research Hypotheses**

Job satisfaction is about employees’ feelings and emotions towards their work experiences (Sellgren, Ekvall and Tomson 2007). Chi and Gursoy (2009) suggest a positive relationship between employee satisfaction and customer satisfaction in their findings. It is noted that employee satisfaction is also linked to service quality.
Estimation of a path analytic model using the aggregated data in a study by Brown and Lam (2008) shows that customer perceived service quality completely mediates the relationship between employee job satisfaction and customer satisfaction. Yee, Yeung and Cheng (2008) examined the relationship among employee satisfaction, service quality, customer satisfaction, and firm’s profitability based on an empirical study of 206 service shops in Hong Kong. Using SEM the authors found that employee satisfaction is significantly related to service quality and to customer satisfaction, which in turn influences firms’ profitability.

Research shows significant connections between job satisfaction and staff turnover (Carbery et al. 2003; Kacmar et al. 2006). Firth et al. (2004) performed a study into how managers could reduce employee intention to quit. Their study concluded that intention to quit is largely influenced by job dissatisfaction, lack of commitment and feelings of stress. Several other studies have attempted to conclude people’s intentions to quit and trace the factors that lead to employee turnover, employee retention, employee satisfaction and overall intention to quit (Choudhury and McIntosh 2013; Firth et al. 2004; Kalliath and Beck 2001; Alonso and O’Neil 2009; Yang, Wan and Fu 2012). These studies suggest adequacy of research with regard to job satisfaction, staff turnover in the hospitality industry. However the current study adds to the literature a new insight specific to satisfaction and staff turnover in the Fast-food industry operated by multinational organisations in an Australasian country - New Zealand. The study also provides an opportunity for a comparative research to assess what similarities or differences exist in career perception, training and recognition, job security and loyalty, personal development and lifestyle between the employees in Australasia and other parts of the world. A conceptual model has been developed for the purpose (see
Figure 1). The model suggests and tests, constructs such as job security and loyalty; personal development and lifestyle; training and recognition; career perception, and their effect on job satisfaction and intention to leave the job in the context of fast-food industry. The findings fill a gap, as a case study, in existing hospitality research with regard to staff turnover in the fast-food industry and should contribute to managerial implications as well as theoretical knowledge.

In examining employee turnover and retention strategies in international tourist hotels in Taiwan Yang, Wan and Fu (2012) identify that unmet employee expectations in terms of training and career development, organisational sub cultures (factions and infighting) become causes of turnover. Another study by Ineson, Benke and Laszlo (2012) involving Hungarian hotels find that key contributors to job satisfaction are personal satisfaction gained from recognition, social involvement, career development, salary and benefits and, employee loyalty are gained from commitment to company, job condition, service element, location career and status. Examining the effects of job satisfaction and characteristics among middle managers in the Turkish hospitality industry Kuruüzüm, Anafarta and Irmak (2008) find that excessive workload, lack of support from senior managers, role ambiguity, increased emotional exhaustion, decreased performance and became causes of burnout and dissatisfaction in the industry. Davidson, M. C. G. and Wang, Y. (2011) suggest that hotels need to look beyond cost reduction and adopt a more strategic approach to Human Resource Management. In terms of staffing issues among small hospitality businesses Alonso and O’Neil (2009), Chan. S. H. and Kuok, O.M. (2011) state that operational challenges including skilled labour and high turnover have been widely studied however, little attention has been paid to if such challenges differ for small hospitality enterprises. In
other words smaller hospitality businesses find it more difficult to attract staff and turnover makes more challenging for them. High staff turnover, human resource practices including training, development and pay etc. remain issues even in most populous country China (Zhang and Wu 2004) and India (Chand and Katou 2007) which compels a continued research on these issue to augment understanding and propose appropriate solutions. The current study explores whether career perception, training and recognition, job security and loyalty, personal development and lifestyle are antecedents of satisfaction and whether satisfaction is an antecedent of intention to leave the job in the fast-food industry in New Zealand. In order to uncover the relationships and impact, a model is estimated using partial least squares path modelling. The following hypotheses have been developed to test and propose implications from this study.

Research in staff turnover in the fast-food industry is scarce, however it is generally noted that while the labour intensive nature of many aspects of the industry and the expansion of the industry, creates demand for labour, hospitality employers experience difficulty in attracting and retaining staff in certain occupations (Janta and Ladkin 2009). Drawing upon research in the retail sector done by Zeytinoglu et al. (2004) it is noted that split-shifts and unpredictable hours contribute to stress and workplace conflict. Further, perception of dealing with difficult customers in the career impacts retention (Sims 2007). Other authors such as Wildes (2005) and Poulston (2009) state in their finding that hospitality work is perceived to be of low social status with difficult working conditions. Considering such findings it raises a question as to whether employees’ career perception has an impact on their satisfaction? Accordingly, the following hypothesis is proposed:
H1: The greater the employee’s career perception on the job, the higher his/her satisfaction with the job.

Few authors have suggested that the hospitality industry has a poor reputation for training. Managers may be reluctant to invest in training considering that the staff might leave (Maxwell, Watson and Quail 2004; Pratten 2003; Davies, Taylor and Savery 2001; Lowry, Simon and Kimberley 2002, Elnasr, A. and Sobaih, E. 2011). Performing a task publicly with inappropriate skills not only impacts self-confidence but also service quality. Hotels that provide inadequate training exacerbate staff turnover (Lashley and Best 2002), and threaten quality standards and profits (Poulston 2008). Conversely, there is a strong positive correlation between increased levels of employee training and recognition with satisfaction at the job (Gustafson 2002). So what is the situation with regard to training and recognition in the fast-food industry of Hamilton? Do the staff feel they receive appropriate training and recognition in their workplace? How satisfied are they at present? Such questions lead to exploring, within the fast-food industry context, the following proposition:

H2: The greater the employee’s training and recognition, the higher his/her satisfaction with the job.

A stable and secure work environment according to Gustafson (2002) leads to loyalty and satisfaction with the job. In a study of nearly 25,000 American hospitality and leisure workers, Hausknecht, Rodda and Howard (2008) found hourly paid workers were particularly sensitive to job satisfaction and extrinsic rewards, which significantly
influenced their satisfaction and intention to stay. Such consideration reflects low level of loyalty. Job security, fair pay and staff benefits encourage a feeling of satisfaction and loyalty to the organisation (Presbury, Fitzgerald and Chapman 2005). The following hypothesis is proposed to seek answers to the questions – what are the opinions of the fast-food industry staff about their job security and loyalty towards the organisations? and does it impact their satisfaction with the job?

**H3: The greater the employee’s job security and loyalty, the higher his/her satisfaction with the job.**

Several past studies suggest that job dissatisfaction is related to working conditions and personal development. As indicated by Choi, Y and Dickson, D.R. (2009), Costen, W. M. and Salazar, J. (2011), O’Leary and Deegan (2005), Poulston (2005), Presbury, Fitzgerald and Chapman (2005) working conditions in the hospitality industry are difficult, largely because of the hours needed to cope with the 24-hour nature of the industry. Hospitality employees work during social hours when usually it is a leisure time for general population to share (Riley, Ladkin and Szivas 2002). Ryan (2006) explored that there were highly skilled and trained hospitality industry personnel leaving the industry, lured away by traditional Monday to Friday jobs with more traditional working hours. Lack of work-life balance attribute to staff turnover (Pollitt 2008). It is also noted as part of personal development employee’s desire for a stable work environment have shown to react favourably, and therefore stay longer, in positions where they are involved in some level of the decision-making process (Gustafson 2002). Conversely, pleasant working conditions and stable hours discourage turnover (Day and Buultjens 2007) as it impacts their satisfaction with the job. The
following hypothesis tests the situation in the case of the fast-food industry employees in Hamilton, New Zealand.

**H4:** *The greater the personal development and lifestyle in the job, the higher the employee’s satisfaction with the job.*

Authors such as Walmsley (2004), Fallon and Rutherford (2010), Williams, Harris and Parker (2008), Choi (2006) Kim, K. and Jogaratnam, G. (2010), suggest that poor management, lack of inspiration and career structure, job pressures, working hours all impact employees satisfaction level and intentions to leave the job. Likewise, proper training, recognition at the workplace, job security, feeling of loyalty towards the organisation, personal development and work life balance also have an impact on the employees’ level of satisfaction with the job (Maxwell, Watson and Quail 2004; Pratten 2003; Davies, Taylor and Savery 2001; Lowry, Simon and Kimberley 2002; Poulston 2005; Presbury, Fitzgerald and Chapman 2005; Pollitt 2008; Day and Buultjens 2007).

Does job satisfaction lead to lowering intention to leave the job in the case of the fast-food employees? Responses are tested through the following hypothesis.

**H5:** *The greater the level of satisfaction with the job, the lower the intention to leave the job.*

The model including the research hypotheses is shown in Figure 1.

---

**Figure 1**

The Conceptual Model
Research Methodology

Sampling and Data Collection Procedures

A survey technique was used and questionnaires were administered in four Fast-food organisations within Hamilton, New Zealand. The organisations chosen were Subway, McDonalds, KFC and Burger King. These businesses might vary in size but have similar characteristics in their overall business operations, expectations of staff and job requirements. The multinational fast-food industry involving Subway, McDonalds, KFC and Burger King is represented by 25 outlets in Hamilton. To address the objectives of the study, primary data was accumulated from different outlets. All outlet owners/managers were personally approached to explain to them purpose of the research and seek their approval and participation including that of their staff in the research. Even during participation they had the choice to withdraw at any stage. All questionnaires were personally distributed and collected from the respondents. The questionnaires did not require names or any form of identification as it was only the opinions of the staff which were important for the research purpose. Fifteen outlets out of the existing 25 outlets agreed to participate in the research. The participating outlets varied in sizes with number of employees between 15 and 18, and the average number of employees is 16.

To ensure language used in the questionnaire was going to be easily understood by respondents, to obtain feedback on questionnaire construct, and gauge general responsiveness to such a study, it was tested on a sample group of 12 respondents before being finalised.
Development of Measures and Questionnaire Design

The research questionnaire was comprised of four sections. Section A gathered demographic information such as gender, age, level of education and working hours of the respondents. Some of the demographic variables were used as control variables when the structural model was estimated (e.g. age, education and gender).

Section B assessed the level of agreement with each statement regarding opinions of the respondents on their current jobs. Factor analysis from Section B generated the following two constructs: career perception and training and recognition. The measures which became part of the two constructs from Section B were largely adapted from existing literature. More specifically, measures relating to career perceptions such as I recommend to others they come work here; I receive good pay rates for my work; Career advancement at my job is very good were adapted from Zeytinoglu et al. (2004), Wildes (2005) and Poulston (2009). Training and recognition measures such as Managers recognise my good work; I have been provided excellent training since I started work here; It is clear to me what others expect of me at my job; were adapted from the work of Maxwell, Watson and Quail (2004), Pratten (2003) and Davies, Taylor and Savery (2001).

Section C assessed respondents’ agreement with each statement about their feelings of current employment. Factor analysis from Section C generated the following two constructs related to feelings toward current job: job security and loyalty and personal development and lifestyle. As in Section B, the variables used to measure constructs
from Section C were largely used in previous studies. Job security and loyalty construct was measured using variables such as *I feel my job is secure; I am happy working in this job; I am proud to work in this business; I feel loyalty to this store*. Those variables were adapted from Hausknecht, Rodda and Howard (2008). The work of O’Leary and Deegan (2005), Pollitt (2008), Gustafson (2002) and Day and Buultjens (2007) helped to develop personal development and life style measures such as *I feel my job allows me to grow as a person; I feel this job suits my lifestyle*.

The observed variables that composed the career perception, training and recognition, job security and loyalty, personal development and lifestyle constructs from both Sections B and C were measured using a 7-point Likert scale, where 7 represented *very strongly agree*, 1 represented *very strongly disagree* and 0 represented *not applicable/have no opinion*.

Lastly, Section D focused on assessing their job satisfaction and intention to leave. Two constructs were generated during the factorial analysis from Section D: Job satisfaction and intention to leave the job. Measures relating to job satisfaction and intention to leave the job such as *How often do you feel satisfied working in this job?; How often do you feel satisfied working in this industry? How often do you think of changing your present job? How often do you think of working in some other industry? How often do you think of a better-paid job?* are adapted from the work of authors such as Walmsley (2004), Fallon and Rutherford (2010), Williams, Harris and Parker (2008), and Choi (2006). A Likert-type scale of 1 to 7 was used to measure those variables, where 7 represented *always*, 1 *never*, and 0 was again *not applicable/have no opinion*. 
Thus, factor analysis of sections B, C, and D generated 6 constructs. The variables that composed each of the six constructs are shown in Table 1. The six constructs appear on the Conceptual Model (Fig. 1).

Analysis also included the age, level of education, and gender as control variables, to test if they had any impact on the relationship tested in the model. Some studies note that these variables could influence job satisfaction (Gallardo et al. 2010; Magd 2003; Barron 2008; Jawahar and Hemmasi 2006; Moyes, Williams and Koch 2006).

**Model Estimation**

To test the structural relationships among the constructs (latent variables), Partial Least Squares Path Modelling (PLS-PM; Lohmöller 1989; Wold 1982, 1985) is used. Statistical software SmartPLS 2.0 (Ringle, Wende and Will 2005) was used to estimate the model parameters. PLS-PM is usually known as “soft modelling” because of its flexibility in handling various modelling problems, e.g. small sample size, non-multivariate normal data, and improper or non-convergent results (Bagozzi and Yi 1988; Bagozzi and Yi 1994). The main reason for using PLS-PM to estimate our model is based on its minimal demands on sample size (Henseler, Ringle and Sinkowics 2009).

**Analysis and Results**

A total of 104 useable questionnaires were collected. The small number of observations could be due to the fact that Hamilton is a small city in New Zealand with a population of about 134,000 people, limited number of the fast-food outlets and willingness of all to participate in the study due to low level of awareness about such research. Only 15 out of 25 outlets from Hamilton agreed to participate on the study. Considering the
average number of 16 employees in each outlet the total population of this study would be of 240 individuals. The total number of useable responses (104) indicates that our response rate was higher than 43%, which is considered high by previous studies (Roth and BeVier, 1998). Response rate per organisation totalled; 15.4% KFC, 39.4% Subway, 22.1% Burger King and 23.1% McDonalds. Of the respondents 33.7% work 20 hours or less per week, and 6.7% work over forty hours per week.

The sample was comprised of 38 males (36.5%), and 66 females (62.5%). Their responses included details on age, sex, education and position within the organisation. As was expected most respondents were young, 45.2% under 20, 93.3% under the age of 30 and no participants over the age of forty. More than half of the respondents were crew-member/employees (58.7%). The rest of the respondents were shift supervisors (25%), assistant managers (11.5%), managers (3.8%) and owners (1%). The respondents had varying degrees of education, from completing high school through to having completed a degree or masters, also the positions of respondents varied from crew-members to owners. Of the respondents 33.7% work 20 hours or less per week, and 6.7% work over forty hours per week. Highest levels of education responses were that 39.4% completed high school, 28.8% had completed high school, 12.5% had a diploma, 14.4% had a degree and 3.8% of respondents chose other. Of interest is that in this study over a quarter of respondents had either a degree or diploma; however it is unclear whether these qualifications are being used in their current position as these were not specific to the hospitality study.

**Reliability and Validity of the Measurement and Structural Model**

Measures suggested by the literature to assess reliability and validity of the measurement model (Henseler, Ringle and Sinkowics 2009) were applied. This step has
to be undertaken by researchers prior to the estimation of a structural model and consists in testing if the observed variables are linked to their underlying latent factors which will be part of a structural model (Byrne 2006). The results warrant to the researcher that the factors present in a structural model are valid. The measurement model (group of observed variables and respective constructs) consists on the group of observed variables that will be used in the structural model (Byrne 2001). Table 1 presents an overview of the reliability and validity results of the constructs used in the structural model. PLS models are assessed in two different phases (Barclay, Higgins and Thompson 1995). In the first phase the reliability and validity of the measurement model is assessed. In the second phase the researcher assesses the structural relationships among constructs and the quality of the overall model (Anderson and Gerbing 1982; Anderson and Gerbing 1988; Fornell and Larcker 1981).

Table 1
Constructs Measurements Summary
Confirmatory Factor Analysis and Scales Reliability

<table>
<thead>
<tr>
<th>Constructs/Variables</th>
<th>Standardized Loading</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you think of changing your present job?</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often do you think of working in some other industry?</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often do you think of a better-paid job?</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Job Security and Loyalty</td>
<td>0.63</td>
<td>0.87</td>
<td></td>
<td>0.80</td>
<td>Gustafson (2002), Hausknecht, Rodda and Howard (2008), Presbury, Fitzgerald and Chapman (2005).</td>
</tr>
<tr>
<td>I feel my job is secure</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am happy working in this job</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am proud to work in this business</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel loyalty to this store</td>
<td>0.78</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Personal Development and Lifestyle</td>
<td>0.76</td>
<td>0.86</td>
<td>0.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel my job allows me to grow as a person</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel this job suits my lifestyle</td>
<td>0.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4. Training and Recognition</th>
<th>0.63</th>
<th>0.84</th>
<th>0.71</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers recognise my good work</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have been provided excellent training since I started work here</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is clear to me what others expect of me at my job</td>
<td>0.76</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Career Perception</th>
<th>0.60</th>
<th>0.82</th>
<th>0.67</th>
</tr>
</thead>
<tbody>
<tr>
<td>I recommend to others they come work here</td>
<td>0.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I receive good pay rates for my work</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career advancement at my job is very good</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Satisfaction with Job</th>
<th>0.90</th>
<th>0.94</th>
<th>0.88</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often do you feel satisfied working in this job?</td>
<td>0.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often do you feel satisfied working in this industry?</td>
<td>0.94</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regarding the adequacy of the measurement model, average variance extracted (AVE) and composite reliability values of all constructs are clearly placed above the recommended thresholds of 0.5 (Fornell and Larcker 1981) and 0.7, respectively (see table 1). The lowest AVE value is 0.60 (Career Perception) and all the composite reliability values are above 0.80 which indicates that the internal consistency of each construct is high. Additionally, individual item reliability was assessed by examining its standardized loading to the respective construct. Consequently, convergent validity and reliability are verified.
Each construct should share more variance with its measures than with other constructs to meet the discriminant validity criterion (Barclay, Higgins and Thompson 1995). This can be assessed if the square root of the AVE values for each latent construct is higher than the correlations between the construct and all other constructs (Fornell and Larcker 1981). The correlation values between constructs are presented in Table 2. Diagonal values are the square root of the AVE values. The results indicate that each construct is unique and distinct from other constructs. Thus, considering the assessment of the measurement model conducted by the researchers, all constructs that will be used in the structural model are deemed acceptable.
Table 2
Correlation between Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intention to Leave (turnover)</td>
<td>20</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Job Security and Loyalty</td>
<td>-0.48</td>
<td>0.79</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Personal Development and Lifestyle</td>
<td>-0.40</td>
<td>0.47</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Training and Recognition.</td>
<td>-0.29</td>
<td>0.59</td>
<td>0.22</td>
<td>0.79</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Career Perception</td>
<td>-0.46</td>
<td>0.58</td>
<td>0.51</td>
<td>0.41</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>6. Satisfaction/Dissatisfaction with Job</td>
<td>-0.40</td>
<td>0.73</td>
<td>0.44</td>
<td>0.54</td>
<td>0.52</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Notes: Diagonal is the square root of the average variance extracted (AVE)

Finally, the assessment of the structural model is made by analysing the coefficient of determination ($R^2$) of the endogenous constructs Satisfaction with Job and Intention to Leave (turnover) (Henseler, Ringle and Sinkowics 2009). The results show that the $R^2$ value of the construct Satisfaction with Job is 0.577. This means that 57.7% of variance of this construct is explained by the other constructs in the model. The explained variance of the endogenous construct Intention to Leave (turnover) is 19.9%, which means that 19.9% of the variation of the intention to leave the job among workers is explained by the Satisfaction/Dissatisfaction with job. These $R^2$ values are higher than the threshold of 10% established in literature (Falk and Miller 1992).

Figure 2
Final Model
Results of Hypotheses Testing

The relationships tested in the model are presented in Figure 1. Table 3 summarizes the relationship results tested in the model.

Our hypothesis H1 analyses the relationship between employee’s career perception and satisfaction with the job: *The greater the employee’s career perception on the job, the higher his/her satisfaction with the job.* Surprisingly, the result relating to the direct effect of the theoretical construct *career perception* and its impact on *satisfaction* with the job, tested whether greater the employee’s career perception on the job lead to increase his/her satisfaction with the job as part of **H1**, is not supported (0.10, p>.10).

Hypothesis H2 assessed the relationship between employee’s training and recognition and his/her satisfaction with the job: *The greater the employee’s training and recognition, the higher his/her satisfaction with the job.* Consistent with other studies are the findings which tested that greater the employee’s training and recognition, the higher his/her satisfaction with the job as part of hypothesis **H2**. The construct *training and recognition’s* impact on *satisfaction* with the job is supported (0.16, p<.05). This means that, the more the employee perceives his/her fast-food outlet is keen to provide training and recognise employees’ efforts, the greater his/her level of satisfaction with the job.

The third hypothesis (H3) tested the effect of job security and loyalty on satisfaction with the job: *The greater the employee’s job security and loyalty, the higher his/her*
satisfaction with the job. In testing the construct related to employees’ feeling of job security and loyalty, whether greater job security and loyalty to the organisation impact satisfaction with the job as part of hypothesis H3, results support suggestions that higher the employees’ feeling of job security and loyalty, the more satisfied they are with the job (path coefficient = 0.87, p <.001).

H4 states that: The greater the personal development and lifestyle in the job, the higher the employee’s satisfaction with the job. The greater the personal development and lifestyle in the job, the higher the employee’s satisfaction with the job in the fast-food industry in Hamilton was tested through hypotheses H4. The path coefficient results indicate that personal development and lifestyle as perceived by the employees does not impact their degree of satisfaction with the job (0.11, p > .10). Thus, H4 cannot be accepted.

Finally, H5 states that: The greater the level of satisfaction with the job, the lower the intention to leave the job. Whether greater level of satisfaction with the job, lowers the intention to leave the job was tested through hypothesis H5. The test results support the argument that the level of satisfaction with the job is negatively related with employee’s intention to leave the job (-0.40; p < .001) The notion behind this strong and negative relationship means that if he/she is unsatisfied with the job the intention to leave the job will be higher. The sign of this relationship is negative because the scales are reserve. Thus, H5 is supported.

Effect of age and level of education as control variables was also tested on as endogenous variables Satisfaction/dissatisfaction and Intention to Leave the Job. The
results show that the level of education has no effect on both endogenous variables. The result of the relationship between age and intention to leave the job are surprising. According to the path coefficient to this relationship, age has a negative relationship with intention to leave the job (-0.19; \( p<.01 \)). This means that, the younger the employee the more the worker manifests the intention to leave the job. Despite this significant effect of age as a control variable, none of the other path coefficients have been changed, indicating that neither age nor level of education have impacted on the relationships tested in the model. Likewise gender also did not impact the relationships tested.
### Table 3
Path Coefficients in the Structural Model

<table>
<thead>
<tr>
<th>Linkages in the model</th>
<th>Standardized parameter estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Estimate</td>
</tr>
<tr>
<td>Career Perception → Satisfaction/Dissatisfaction with Job</td>
<td>0.10</td>
</tr>
<tr>
<td>Training and Recognition. → Satisfaction/Dissatisfaction with Job</td>
<td>0.16</td>
</tr>
<tr>
<td>Job Security and Loyalty → Satisfaction/Dissatisfaction with Job</td>
<td>0.87</td>
</tr>
<tr>
<td>Personal Development and Lifestyle → Satisfaction/Dissatisfaction with Job</td>
<td>0.11</td>
</tr>
<tr>
<td>Satisfaction with Job → Intention to Leave (turnover)</td>
<td>-0.40</td>
</tr>
</tbody>
</table>

* $P<0.05$; ** $P<0.01$; *** $P<0.001$.

### Discussion & Conclusion

The purpose of this research was to explore the antecedents of employee’s intention to leave the job in the fast-food industry in Hamilton, New Zealand. A specified model using PLS-PM which allows researchers to test structural relationships with small samples is developed. The current study assesses whether career perception, training and recognition, job security and loyalty, personal development and lifestyle have any impact on satisfaction/dissatisfaction levels of employees and whether satisfaction/dissatisfaction could be the antecedent to leave the job in the fast-food industry. A conceptual model is proposed in Figure 1 contributing to the literature within the context of the fast-food industry in Hamilton, New Zealand. Research in staff turnover within the context of the fast-food industry is scarce.

The current study tests the constructs as shown in Figure 1, establishes whether employee career perception has any impact on his/her satisfaction with the job. Authors such as Janta and Ladkin (2009) have noted that employers in the hospitality industry find it difficult to attract and retain staff in certain occupations due to low employee
morale, high customer-staff contact, bad time keeping and perception of the job in general. Though there is no direct evidence from the fast-food industry, it is noted in the retail sector that split-shifts, unpredictable work hours contribute to stress and workplace conflict (Zeytinoglu et al. 2004). Adding to the situation is that dealing with difficult customers impacts job satisfaction and retention (Sims 2007). Poulston (2009) notes that hospitality work is perceived to be of low social status with difficult working conditions. It is noted that test results of the theoretical construct career perception and its impact on satisfaction with the job, tested whether greater the employee’s career perception on the job lead to increase his/her satisfaction with the job as part of H1. It is not supported (0.10, p>.10). This finding within the context of Hamilton’s fast-food industry is distinctive in making contribution to the literature. No substantial evidence has been found in the literature testing the impact of career perception on satisfaction with the job in New Zealand.

The second construct of the theoretical model dealt with training and recognition of the employees at the workplace. Several studies identify the role of training and development and its impact on job satisfaction and organizational commitment (Lam and Zhang 2003; Lowry, Simon and Kimberley 2002; Pratten 2003; Smith 2002; Taylor, Davies and Savery 2001). Lashley and Best (2002) and Poulston (2008) have stated in their findings that hotels that provide inadequate training exacerbate staff turnover and threaten quality standards and profits (Poulston 2008). All such findings are further supported by the premise that there is a strong positive correlation between increased levels of employee training and recognition with decreased turnover (Gustafson 2002). The literature, dealing with training and development suggests that it promotes a high degree of satisfaction with the job. Consistent with these studies are
the findings of this study which tested that greater the employee’s training and recognition, the higher his/her satisfaction with the job as part of hypothesis **H2**. The construct *training and recognition* its impact on *satisfaction* with the job is supported (0.16, *p*<.05). This finding is distinctive as no such consistency with other findings has been noted with regard to the fast-food industry in Hamilton, New Zealand.

A general observation reflects that employees who perceive security in their job are loyal and draw satisfaction from their job. Different authors in relation to other than the fast-food sector of the hospitality industry have noted that job security, career progression, loyalty, pay and benefits have an impact on satisfaction/dissatisfaction with the job (Gustafson 2002; Hausknecht, Rodda and Howard 2008; Presbury, Fitzgerald and Chapman 2005). In testing the construct related to employees’ feeling of *job security and loyalty* whether greater job security and loyalty to the organisation impact *satisfaction* with the job as part of hypothesis **H3**, results support suggestions that the higher the employees’ feeling of job security and loyalty, the more satisfied they are with the job (path coefficient = 0.87, *p* <.001). Hence the higher the job security and feelings of loyalty of the fast-food employees in Hamilton, the higher their satisfaction with the job, which is consistent with the other studies (Gustafson 2002, Hausknecht, Rodda and Howard 2008, Presbury, Fitzgerald and Chapman 2005).

Amongst the constructs in the study, *personal development and lifestyle* was tested to see if it has any impact on *satisfaction* with the job. O’Leary and Deegan (2005), Poulston (2005), Presbury, Fitzgerald and Chapman (2005) note that working conditions in the hospitality are difficult due to the nature of working hours and the need for a 24 hour seven days a week requirement, in many establishments. Most
employees in the industry are expected to work when others enjoy social leisure time (Riley, Ladkin and Szivas 2002). The authors further indicate that given the choice of the same set of skills, to work during social and unsocial hours, employees will prefer to work during social hours to get time for social leisure. It has also been supported by Ryan (2006) that there were highly skilled and trained hospitality industry personnel leaving the industry, lured away by traditional Monday to Friday jobs with more traditional working hours with consistent days off and no more split shifts. Lack of work-life balance, development opportunities and desire for stable work hours, influence employees’ satisfaction with the job (Pollitt 2008; Gustafson 2002). Pleasant working conditions and stability of working hours are shown to discourage turnover (Day and Buultjens 2007). The greater the personal development and lifestyle in the job, the higher the employee’s satisfaction with the job in the fast-food industry in Hamilton was tested through hypotheses H4. The path coefficient results indicate that personal development and lifestyle as perceived by the employees does not impact their degree of satisfaction with the job (0.11, \( p > .10 \)). Thus, H4 cannot be accepted. This finding contradicts what has been stated by other studies above, which suggest that work-life balance, stable work hours, personal development and lifestyle are important factors to raise satisfaction with the job. This contradicting notion could be specific to the fast-food industry thus adds to the staff turnover literature by suggesting that the fast-food industry employees’ perspective is somewhat distinctive and substantiates a reason that further research in the area needs to be conducted.

Other factors which impact employees’ satisfaction level with the job and intention to leave the job include poor management, lack of inspiration and career structure, job pressures, recognition at workplace (Walmsley 2004; Fallon and Rutherford 2010;
Williams, Harris and Parker 2008; Choi 2006). Whether greater level of satisfaction with the job, lowers the intention to leave the job was tested through hypothesis H5. The test results support the argument that the level of satisfaction with the job is negatively related with employee’s intention to leave the job (-0.40; p < .001). The notion here indicates satisfaction with the job decreases the intention to leave the job. The sign of this relationship is negative because the scales are reserve. Thus, H5 is supported which is consistent with other studies (Walmsley 2004; Fallon and Rutherford 2010; Williams, Harris and Parker 2008; Choi 2006).

Study undertaken by Kim, Leong and Lee (2005) in a casual dining chain restaurant suggests that the customer focus of employees was negatively associated with employees’ job satisfaction, but positively associated with their organizational commitment. The authors also note that organizational support was positively associated with job satisfaction, and job satisfaction was positively associated with organisational commitment, but organizational commitment was negatively associated with intention of leaving. Findings of this study reflect that training and recognition, and job security and loyalty have significant impact on satisfaction/dissatisfaction of employees (Figure 1). More the satisfaction, less the intention of employees to leave.

Though level of education has no effect as a control variable, the result of the relationship between age and intention to leave the job are surprising. Respondents’ ages vary, but of particular interest is that the responses show a greater number of workers in the 21-30 age bracket (48.1%) than the under 20 group (45.2%). Fast-food jobs are regularly categorised as casual and part-time employment. Research by Wildes (2005) supports this, with 70% of employees aged less than 36 intend to leave the
restaurant industry within two years. The greater response rate of the slightly older bracket may not directly relate to the ages of employees within the outlet as it may be that the slightly older categories were more willing to respond. However, if this situation was evident throughout actual outlets it may show a shift of the type of employees within the fast-food industry.

Overall, age appears to impact the opinions, feelings and intentions to leave of staff within the fast-food industry. However during the time of this research impacts of the global financial crisis and recession could have impacted employee’s willingness to leave their jobs. Average length of employment in this study was 23.86 months, almost 2 years. This leads to conclusions of changing trends regarding previous ideas that fast-food jobs were only short-term based. Additionally, just over 50% of respondents were employed in their job for over 12 months again highlighting the changing trends of fast-food employment length. These results may have varied significantly if the research was performed around 10 years ago, when the clear structure of fast-food employment remained; young, short-term, low-wages, casual work, now however with current financial pressures, people are staying on longer and as there is higher unemployment, current rate being 6.8% in New Zealand (Department of Labour 2010). The minimum wage is continuing to increase meaning people are getting reasonable money for low-skilled jobs. Despite this significant effect of age as a control variable, none of the other path coefficients have been changed, indicating that neither age nor level of education have impacted on the relationships tested in the model.

So what is the significance and implications of this study?
Though there is an argument that high staff turnover and a transient workforce presents no problems for the industry (Riley, Ladkin and Szivas 2002), high staff turnover is very costly, while the level of tangible costs might depend on the nature of the industry, the intangible costs are innumerable and serious, both costs impact the success and profitability of the firm (Lashley and Best 2002). The author states advertising for replacements, interview, orientation, and training costs, and uniforms are direct costs, whilst, management time spent recruiting, selecting and training, lost staff expertise, decreased quality of service, productivity, and customer satisfaction, and poor impact on remaining employees, are the indirect costs. Further, Hinkin and Tracey (2010) point out that many managers do not understand how to deal with the impact of staff turnover on the bottom line. Though it might be more expensive to replace a management position, non-managerial employees leave the job more often hence adding significantly to the replacement costs (Poulston 2008). In summary, the majority of the studies suggest retention of employees is cost effective for both operational efficiency and profitability.

Most of the above studies investigate and relate their findings to hotels or other sectors of the hospitality industry. However, specific to the fast-food industry is one that originates from Malaysia and examines impacts of issues such as job stress and peer groups on intention to quit a job in the fast-food industry of Malaysia (Ryan, Ghazali and Mohsin 2011) and one from Hong Kong (Lam and Zhang 2003). The authors in the study from Malaysia suggest high scorers with intention to leave the job were found to be influenced by friends, feeling of job stress and burnout. The study from Hong Kong examines job satisfaction and organisational commitment in the fast-food industry of Hong Kong. The current study contributes to the literature with findings from a Western
style culture. It also provides an opportunity for fast-food outlet management generally and Hamilton specifically to understand what significant factors impact fast-food employees’ satisfaction/dissatisfaction with the job and how it impacts their intention to leave the job. A conceptual model (see Figure 1) was developed highlighting the constructs that were tested leading to the final model (see Figure 2) which informs how the constructs relate in terms of their significance impacting the intentions of the employees to leave the job in the fast-food industry in Hamilton, New Zealand. The outcomes of the study make following suggestions:

- To reduce staff turnover, the fast-food industry management should emphasize the personal development and build confidence amongst their employees highlighting strategies with emphasis on training and recognition of the employees as practiced by the outlet.

- The fast-food industry management to generate a feeling of job security amongst the employees must discuss career progression opportunities within the industry and specifically within the outlet.

- The management in its effort to develop loyalty amongst its employees must have a regular review and discuss informally if there are any issues impacting the employee’s interest in the job and performance.

However, besides the subjectivity of responses, another limitation is the small sample size. This is a limitation at present for researchers undertaking research in small cities with low population where awareness about such research particularly in the fast-food industry is low which limits the response rate. It is suggested that the findings of the current study are considered with caution.
References


Ringle, C M, S Wende, A Will (2005) SmartPLS 2.0 (M3) Beta.


