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**RELATIONSHIP BETWEEN JOB SATISFACTION & EMPLOYEE  
RETENTION**

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**ABSTRACT**

Job satisfaction has become a critical factor influencing employee retention in modern organizations. This study examines the relationship between job satisfaction and employee retention by analysing how factors such as salary, recognition, and work environment affect employees' intention to stay. Primary data was collected through a structured questionnaire from 50 respondents.

The findings indicate that job satisfaction significantly impacts employee retention, with higher satisfaction levels leading to a stronger intention to remain in the organization. Key factors such as compensation and career growth opportunities were identified as major drivers of retention. The study highlights the importance of effective HR practices in improving employee satisfaction and reducing turnover, thereby contributing to organizational stability and performance.

**KEYWORDS:** Job Satisfaction, Employee Retention, Employee Engagement, HR Practices, Turnover Intention.

**INTRODUCTION**

Job satisfaction is a crucial concept in human resource management that reflects an employee's overall attitude toward their job. It is influenced by various factors such as salary, work environment, recognition, leadership, and growth opportunities. In today's competitive business environment, organizations are increasingly focusing on employee satisfaction as a key driver of performance and long-term success.

Employee retention, on the other hand, refers to an organization's ability to retain its employees and reduce turnover. High employee turnover leads to increased recruitment and training costs, loss of organizational knowledge, and decreased productivity. Therefore, understanding the factors that influence retention has become a priority for organizations.

This study aims to analyse the relationship between job satisfaction and employee retention. It explores how different aspects of job satisfaction impact employees' willingness to stay within an organization. By identifying these factors, the study provides insights into how organizations can create a more supportive and engaging work environment to retain their workforce.

### **NEED FOR THE STUDY**

In today's competitive work environment, employee retention has become a major challenge for organizations. Many employees leave their jobs due to dissatisfaction with factors such as salary, recognition, and growth opportunities. High turnover negatively impacts organizational performance and increases costs.

Therefore, this study is needed to understand how job satisfaction influences employee retention and to identify key factors that can help organizations retain their employees more effectively.

### **Objectives of Study**

- To examine the level of job satisfaction among employees.
- To identify the key factors influencing job satisfaction.
- To analyse the relationship between job satisfaction and employee retention.
- To study the impact of job satisfaction on employees' intention to stay in the organization.
- To provide suggestions for improving employee satisfaction and retention.

### **Importance of the Study**

The study holds significant importance for organizations as well as HR professionals. It provides valuable insights into how job satisfaction affects employee retention and overall organizational performance.

- It helps organizations understand the key drivers of employee satisfaction and retention.
- It assists HR managers in designing effective policies related to compensation, recognition, and career development.

- It reduces employee turnover by identifying and addressing dissatisfaction factors.
- It contributes to building a motivated, engaged, and committed workforce.
- It supports organizational growth by improving productivity and reducing recruitment costs.

Overall, the study emphasizes the need for organizations to focus on employee satisfaction as a strategic approach to achieving long-term success and stability.

## REVIEW OF LITERATURE

Post-2003 research has extensively examined the relationship between job satisfaction and employee retention, establishing it as a critical area in human resource management.

Irabor and Okolie (2019) emphasized that job satisfaction plays a fundamental role in employee retention, highlighting that satisfied employees are more committed and less likely to leave their organization. The study identified factors such as work environment, compensation, and organizational support as key determinants of satisfaction.

Recent studies have further strengthened this relationship. Nor et al. (2024) found that job satisfaction and motivation significantly influence employee retention in multinational organizations, especially in the post-pandemic context. The research indicates that organizations focusing on employee well-being and motivation experience lower turnover rates.

Jogi et al. (2024) conducted a comprehensive review and concluded that job satisfaction is closely linked to turnover intention, acting as a critical determinant of whether employees stay or leave. The study highlights that dissatisfaction with organizational policies, leadership, and work conditions increases employee attrition.

Further research by Fahad et al. (2021) identified job satisfaction as a mediating factor between workload, burnout, and employee retention. The study suggests that reducing employee stress and improving job satisfaction can significantly enhance retention rates.

In recent years, scholars have also focused on the role of job satisfaction as an intermediary variable. A 2024 study in the oil and gas industry demonstrated that factors such as career growth, supervisory support, and workload influence retention through job satisfaction, confirming its mediating role in organizational outcomes.

Jannah (2025) highlighted that job satisfaction, along with career development and organizational commitment, plays a vital role in retaining millennial employees. The study

found that job satisfaction acts as a bridge between workplace conditions and retention intentions.

Anvari (2025) emphasized that effective management practices, communication, and employee involvement are essential for improving satisfaction and retention. The study also noted that poor management and workplace conflicts lead to dissatisfaction and increased turnover.

Recent empirical studies (2025) in the software industry have shown that job satisfaction has a strong negative relationship with turnover intention, meaning that higher satisfaction significantly reduces the likelihood of employees leaving the organization. Additionally, factors such as work-life balance, job quality, and organizational justice were identified as key contributors to satisfaction and retention.

## RESEARCH METHODOLOGY

### Research Design

A descriptive and analytical research design was adopted to examine the relationship between job satisfaction and employee retention. The study focuses on understanding employee perceptions and analysing how different factors of job satisfaction influence their intention to stay in the organization.

### Research Approach

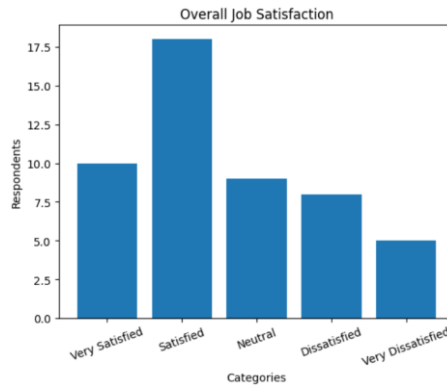
A quantitative research approach was used for this study. Data was collected from respondents using a structured questionnaire, and statistical tools were applied to analyse the relationship between variables.

### Sampling Framework

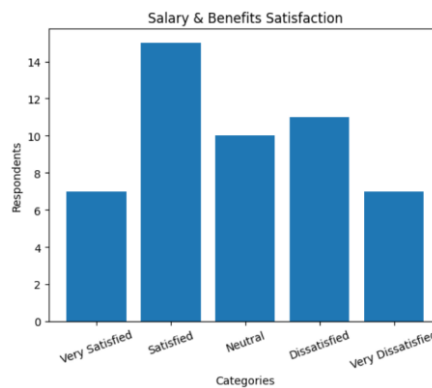
- **Sampling Technique:** Convenience sampling
- **Respondents:** Working professionals from different organizations
- **Sample Size:** 50 respondents
- **Data Collection Tool:** Structured Likert-scale questionnaire
- **Analysis Techniques:** Percentages and Chi-Square tests

## DATA INTERPRETATION

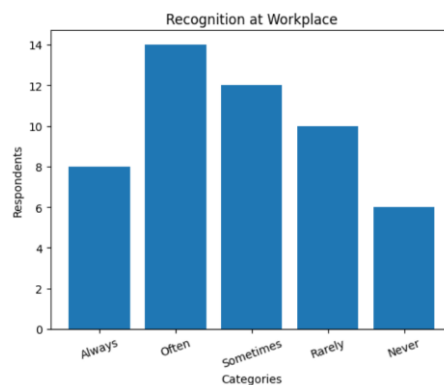
The questionnaire measured employee responses across six key aspects of job satisfaction and employee retention. The interpretations are summarized below:



1. A total of **56% respondents (28 out of 50)** reported that they are satisfied with their current job, while **18% remained neutral** and **26% expressed dissatisfaction**. This indicates that a majority of employees experience a moderate level of job satisfaction within their organization.

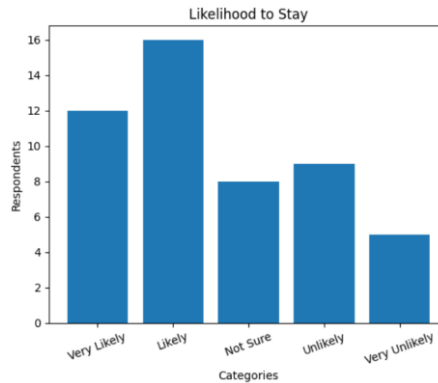


2. Regarding satisfaction with salary and benefits, **44% respondents expressed satisfaction**, while **20% remained neutral** and **36% reported dissatisfaction**. This suggests that compensation is an area where organizations need improvement, as a significant proportion of employees are not fully satisfied.

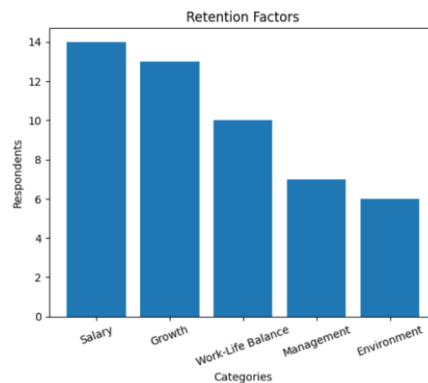


3. In terms of recognition at the workplace, **44% respondents feel they are often or always recognized**, whereas **36% experience recognition only sometimes** and **20% rarely**

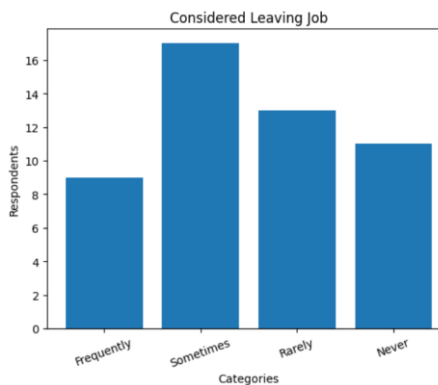
or never feel recognized. This highlights inconsistency in recognition practices, which may affect employee motivation and engagement.



4. When analyzing employee retention intention, **56% respondents indicated that they are likely to stay in the organization**, while **16% are uncertain** and **28% are unlikely to stay**. This reflects a moderate retention level but also indicates potential turnover risk among a considerable group of employees.



5. The major factors influencing employee retention were identified as **salary and benefits (28%)** and **career growth opportunities (26%)**, followed by **work-life balance (20%)**, **management (14%)**, and **work environment (12%)**. This shows that financial and career-related factors play a dominant role in retention decisions.



6. A significant **52% respondents admitted that they have considered leaving their job at some point**, while **48% have rarely or never considered leaving**. This suggests that despite moderate satisfaction levels, turnover intention still exists among employees.

### **HYPOTHESIS TESTING**

A Chi-Square test was conducted to examine the relationship between job satisfaction and employee retention.

The study tested the following hypothesis:

**H<sub>0</sub> (Null Hypothesis):** There is no significant relationship between job satisfaction and employee retention.

**H<sub>1</sub> (Alternative Hypothesis):** There is a significant relationship between job satisfaction and employee retention.

The calculated Chi-Square value (6.16) was compared with the critical value (3.84) at a 5% level of significance and 1 degree of freedom.

Since the calculated value is greater than the critical value, the null hypothesis is rejected and the alternative hypothesis is accepted.

### **FINDINGS**

#### **Hypothesis 1: Job satisfaction influences employee retention**

- **H<sub>0</sub> (Null Hypothesis)** suggests that there is no significant relationship between job satisfaction and employee retention. This would imply that employees' satisfaction levels do not affect their intention to stay in the organization.
- **H<sub>1</sub> (Alternative Hypothesis)** suggests that job satisfaction significantly influences employee retention. The results show that a majority of satisfied employees are more likely to stay, while dissatisfied employees show a higher tendency to leave.

**Result:** H<sub>0</sub> is rejected → Job satisfaction significantly influences employee retention.

#### **Hypothesis 2: Salary and benefits impact employee retention**

- **H<sub>0</sub>** suggests that salary and benefits do not significantly affect employee retention.
- **H<sub>1</sub>** suggests that salary and benefits play a significant role in influencing employee retention. The data indicates that a large proportion of employees consider compensation as a key factor in deciding whether to stay.

**Result:** H<sub>0</sub> is rejected → Salary and benefits significantly impact employee retention.

**Hypothesis 3: Employee recognition affects job satisfaction**

- **H<sub>0</sub>** suggests that recognition has no significant impact on job satisfaction.
- **H<sub>1</sub>** suggests that recognition positively influences job satisfaction. The findings reveal that employees who feel recognized are more satisfied compared to those who do not receive adequate recognition.

**Result:** H<sub>0</sub> is rejected → Recognition significantly affects job satisfaction.

**Hypothesis 4: Job satisfaction reduces employee turnover intention**

- **H<sub>0</sub>** suggests that job satisfaction does not influence employees' intention to leave.
- **H<sub>1</sub>** suggests that higher job satisfaction reduces turnover intention. The results indicate that employees with lower satisfaction levels are more likely to consider leaving the organization.

**Result:** H<sub>0</sub> is rejected → Job satisfaction significantly reduces turnover intention.

**Hypothesis 5: Career growth opportunities influence employee retention**

- **H<sub>0</sub>** suggests that career growth opportunities do not affect employee retention.
- **H<sub>1</sub>** suggests that career growth opportunities significantly influence retention. The data shows that employees value growth opportunities and are more likely to stay when such opportunities are available.

**Result:** H<sub>0</sub> is rejected → Career growth opportunities significantly influence employee retention.

**Overall Finding**

All hypotheses tested in the study indicate that job satisfaction and its related factors—such as salary, recognition, and career growth—have a significant impact on employee retention. The rejection of all null hypotheses confirms that improving job satisfaction is essential for reducing employee turnover and enhancing organizational stability.

**RECOMMENDATIONS & FUTURE IMPLICATIONS**

Organizations should focus on improving job satisfaction as a strategic approach to enhance employee retention. Based on the findings of the study, the following recommendations are suggested:

- Develop and implement competitive and fair compensation structures to address employee concerns regarding salary and benefits.
- Introduce structured recognition and reward programs to ensure employees feel valued and appreciated for their contributions.
- Provide clear career growth opportunities through promotions, training, and development programs to enhance long-term employee commitment.
- Promote a healthy work-life balance by adopting flexible work policies and reducing workplace stress.
- Strengthen leadership and management practices by encouraging transparent communication and supportive supervision.
- Conduct regular employee satisfaction surveys to identify issues and take timely corrective actions.
- Create a positive work environment that fosters employee engagement, motivation, and organizational commitment.

### **Future Implications**

- Organizations can adopt advanced HR analytics tools to continuously monitor employee satisfaction and predict turnover trends.
- Integration of digital platforms and feedback systems can help in real-time tracking of employee concerns and satisfaction levels.
- Future research can explore additional variables such as organizational culture, leadership styles, and employee engagement in greater depth.
- Comparative studies across industries can provide broader insights into job satisfaction and retention patterns.
- Longitudinal studies can be conducted to analyse the long-term impact of job satisfaction on employee retention and organizational performance.

### **CONCLUSION**

The study concludes that job satisfaction has a significant impact on employee retention. Employees who are satisfied with factors such as salary, recognition, and career growth are more likely to remain in the organization, while dissatisfaction increases turnover intention. The findings highlight the importance of effective HR practices in enhancing employee satisfaction and reducing attrition. Therefore, organizations must focus on creating a

supportive and engaging work environment to ensure long-term employee retention and organizational success.

### LIMITATIONS

- The study is based on a small sample size of 50 respondents, which may limit the generalizability of the findings.
- Data was collected through self-reported questionnaires, which may include respondent bias.
- Time constraints limited the depth of analysis and data collection.
- The study focuses on limited factors of job satisfaction and does not cover all possible variables influencing employee retention.
- The research is cross-sectional in nature and does not capture long-term changes in employee satisfaction and retention.

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