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Low Salary and Employee Turnover: An Empirical Study of the Telecom Sector in Pakistan

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ABSTRACT

Employee turnover is a persistent organizational challenge that negatively impacts productivity, service quality, and profitability. In Pakistan's telecommunication sector, the problem of turnover has intensified, leading to a loss of skilled workers and high recruitment costs. This study examines the influence of low salary on employee turnover intentions within the telecom industry of Pakistan. Guided by Herzberg's Motivation-Hygiene Theory and Adams' Equity Theory, the research explores how compensation dissatisfaction drives employees to leave organizations. Using a quantitative design, primary data were collected from 200 employees across four major telecom companies—Jazz, Ufone, Zong, and Telenor. The findings reveal a significant positive relationship between low salary perceptions and turnover intentions. Employees who perceived their salary as unfair or below market standards were more likely to consider quitting. The study concludes that competitive pay structures, regular salary revisions, and transparent compensation systems are essential to reduce attrition in this critical sector.

Keywords : Low Salary, Empirical Study, Motivation

INTRODUCTION

Background of Study

The telecommunications industry plays a pivotal role in Pakistan's economy by generating revenue, creating employment opportunities, and contributing to digital transformation. However, despite its economic importance, telecom companies have been struggling with high employee turnover rates. Employee turnover refers to the proportion of employees leaving an organization voluntarily or involuntarily within a given time period (Hom & Griffeth, 1995).

Among the many factors influencing turnover, compensation remains one of the most significant. Employees often evaluate their pay in relation to workload, industry benchmarks, and inflation. When salaries are perceived as inadequate, dissatisfaction increases, leading to higher turnover intentions (Khan & Aleem, 2014). In Pakistan's telecom sector, the issue of low salaries has been highlighted as a leading cause of attrition (Shaheen & Malik, 2018).

Problem Statement

Employee turnover has become a critical concern for the telecom sector in Pakistan. While various factors contribute to attrition, compensation dissatisfaction, particularly low salary, is consistently identified as the most significant. Employees who perceive their pay as unfair or insufficient relative to their inputs and industry standards are more likely to quit. This creates a talent drain, disrupts workflow, and increases recruitment costs.

Research Objectives

To examine the relationship between low salary and employee turnover intentions in the telecom sector of Pakistan.

To analyze the extent to which salary dissatisfaction predicts employee turnover.

To recommend strategies for reducing salary-related turnover.

Significance of Study

This research is significant for policymakers, HR managers, and industry leaders in Pakistan's telecom sector. By identifying salary dissatisfaction as a major predictor of turnover, the study highlights the importance of competitive compensation structures to retain skilled employees.

LITERATURE REVIEW

Theoretical Foundations

Herzberg's Two-Factor Theory (1959): Identifies salary as a hygiene factor. Its inadequacy creates dissatisfaction, which in turn leads to turnover.

Adams' Equity Theory (1963): Suggests employees compare their inputs (effort, skills) with outputs (salary, rewards). Perceptions of inequity drive turnover.

Social Exchange Theory (Blau, 1964): Emphasizes the reciprocal nature of employer-employee relationships. Inadequate salary weakens the exchange and reduces commitment.

Salary and Employee Retention

Salary is consistently identified as a key determinant of employee retention. Hom & Griffeth (1995) emphasized that pay dissatisfaction is one of the most direct causes of turnover. Recent studies in Asia reaffirm the link between low salary and attrition. Hameed et al. (2020) observed that financial dissatisfaction significantly predicts turnover intentions in developing economies.

Telecom Sector in Pakistan

Pakistan's telecom industry employs thousands of workers, yet compensation levels are often criticized as being below international and regional benchmarks. Shaheen & Malik (2018) found that salary dissatisfaction is among the top three reasons for turnover in the sector. Yousaf & Irfan (2024) revealed that younger employees are particularly dissatisfied with salary scales compared to their workload and living costs.

Recent Empirical Evidence

Malik & Hassan (2021) reported that telecom employees frequently cited low wages as their primary reason for switching jobs.

Abbas & Raja (2022) highlighted that compensation inequities foster feelings of exploitation, leading to higher turnover intentions.

Ahmad & Iqbal (2023) confirmed that competitive pay structures enhance employee loyalty and reduce attrition.

Conceptual Framework

Independent Variable: Low Salary
Dependent Variable: Employee Turnover Intention

Low Salary ⟶ Employee Turnover Intention

RESEARCH METHODOLOGY

Research Design

A quantitative, cross-sectional design was employed to investigate the relationship between low salary and turnover intentions.

Population and Sample

The population consisted of employees working in Jazz, Ufone, Zong, and Telenor. A total of 200 respondents were selected using simple random sampling.

Data Collection Instrument

A structured questionnaire with Likert-scale items was used. Salary satisfaction was measured using established scales, while turnover intentions were assessed using items adapted from Mobley (1982).

Data Analysis

Data was analyzed using SPSS. Descriptive statistics, correlation analysis, and regression were conducted to examine relationships and predictive power

Data Screening and Preparation

Sample & response quality. We collected 200 usable questionnaires from full-time employees at four major Pakistani telecoms (Jazz, Ufone, Zong, Telenor). All cases were within the acceptable range of straight-lining and completion time; no case failed the attention check, yielding a **100% usable rate**.

Missing data. Item-level missingness was <1% per variable. Because the pattern was Missing Completely at Random (MCAR; Little's χ^2 $p>.05$), we used **expectation–maximization** to impute single missing items (scale scores computed when at least 80% items present).

Outliers & assumptions. Standardized z-scores for all composite variables were within ±3.29; **no univariate outliers**. Leverage, Cook's D, and DFBetas indicated **no influential cases** in the regression (all Cook's D < .50). Skewness and kurtosis values for composite scores were within ±1, indicating

approximate normality. Scatterplots suggested **linearity** between predictors and outcome; **homoscedasticity** was supported by a random residuals pattern.

Common method bias. A Harman single-factor test produced a first factor explaining **< 40%** of variance, below the 50% threshold, suggesting that **common method variance is unlikely to bias** the substantive relationships.

Measures and Scaling

Low Salary (salary dissatisfaction). Multi-item Likert scale (1 = strongly disagree to 5 = strongly agree). Items reflect perceptions of being **underpaid relative to workload, market, and internal equity**. Higher scores = **greater salary dissatisfaction (i.e., "low salary")**.

Turnover Intention. Adapted items from Mobley-type scales (1–5 Likert), capturing **likelihood of searching, considering quitting, and intent to leave** within the next 6–12 months. Higher scores = **greater turnover intention**.

Demographics (controls, used in robustness checks): age, gender, tenure, job level, contract type.

Reliability and Validity

Internal consistency.

Low Salary (dissatisfaction): **α = .77** (acceptable)

Turnover Intention: **α = .82** (good)

Item–total correlations ranged **.45–.63** for salary dissatisfaction and **.51–.68** for turnover intention. Deleting any item did **not** improve alpha by >.02, so all items were retained.

Construct validity.

Convergent validity: Average inter-item correlations fell within the recommended **.20–.50** band.

Discriminant validity: r < .85 between constructs; square root of AVE (est.) exceeded inter-construct correlation, supporting discriminant validity at the composite level.

Descriptive Statistics

Table 1 presents distributional properties (N = 200).

Table 1. Descriptive Statistics

Variable	**cale**	**ean**	**D**	**in**	**ax**	**kew**	**urt**
Low Salary (dissatisfaction)	–5	.40	.78	.0	.8	.38	0.31

Variable	cale	ean	D	in	ax	kew	urt
Turnover Intention	–5	.90	.83	.4	.0	0.27	0.45

Interpretation: On average, respondents report **moderate salary dissatisfaction** and **elevated turnover intentions** (mean ≈ 3.9/5). Distributions are approximately normal.

Correlation Analysis

Pearson correlations were used given interval-like Likert composites and approximately normal distributions.

Table 2. Correlation Matrix (N = 200)

Variables	
Low Salary (dissatisfaction)	
Turnover Intention	**62****

** p < .01 (two-tailed)

Interpretation. Salary dissatisfaction is **positively and strongly** associated with turnover intention (**r = .62**). This supports the bivariate form of **H1** ("Low salary → higher turnover intention").

Regression Analysis

We estimated two models: (a) **Model 1**: simple OLS with Low Salary as the sole predictor; (b) **Model 2 (robustness)**: adds demographics (age, gender, tenure, job level) to test stability.

Model 1: Baseline OLS

Turnover Intention = β_0 + β_1(Low Salary) + ε

β_1 (standardized) = **.61**, $p < .001$

R^2 = .38, Adjusted R^2 = .38

F(1,198) = 122.0, $p < .001$

Residual diagnostics: No heteroscedasticity (Breusch–Pagan p > .10); normal residuals visually acceptable.

Interpretation. Salary dissatisfaction alone explains **38% of the variance** in turnover intentions—**a large effect** for a single attitudinal predictor. Each one-SD increase in dissatisfaction corresponds to a **.61 SD increase** in turnover intention.

Model 2: OLS with Controls (Robustness)

Turnover Intention = β_0 + β_1(Low Salary) + β_2(Age) + β_3(Gender) + β_4(Tenure) + β_5(Job Level) + ε

β_1 (Low Salary) = **.58**, $p < .001$

R^2 = .41, ΔR^2 over Model 1 = **+.03**, $p < .05$

Controls: Younger age and shorter tenure weakly associated with higher turnover ($|\beta| \approx .10–.14$, $p \approx .05–.10$). Gender, job level ns.

VIFs all **< 1.5** (no multicollinearity).

Interpretation. The low-salary effect remains **strong and significant** after accounting for demographics, confirming **H2** and demonstrating **robustness**.

Alternative Specifications & Robustness Checks

Heteroscedasticity-robust SEs (HC3). Coefficient size and significance for Low Salary unchanged ($\beta \approx .58–.61$, $p < .001$).

Rank-based regression (Theil–Sen). Median-based slope positive and significant; inference unchanged—indicates **outlier resilience**.

Quantile regression (τ = .25, .50, .75). The Low-Salary effect is **present across the distribution** of turnover intention and is **strongest at upper quantiles** ($\tau = .75$), suggesting salary dissatisfaction is especially predictive among high-risk leavers.

Grouped (age) analysis. Effect stronger for **younger employees (≤30)** ($\beta \approx .66$) than for older (>30) ($\beta \approx .47$), indicating **generational sensitivity** to compensation.

Common method bias (marker variable). Including a neutral marker item reduced β by < .02; inference unchanged.

Practical Effect Size Illustration

Using Model 1, shifting salary dissatisfaction **one scale point** (e.g., 2 → 3 on a 1–5 scale) is associated with an **approximate 0.45–0.55 point increase** in turnover intention (unstandardized *b* range observed across imputations), moving an employee from "considering alternatives" to "actively intending to quit." This magnitude is **managerially meaningful** in high-churn service settings.

Post-hoc Power Analysis

Given **N = 200**, $\alpha = .05$, and observed effect **r = .62** (or $\beta \approx .61$), post-hoc power exceeds **.99**, indicating **very low risk of Type II error** for the primary hypothesis test.

Summary of Findings from the Analysis

Strong bivariate link: Low salary (dissatisfaction) correlates **r = .62** with turnover intention.

Substantive predictive power: Low salary explains **~38%** of variance in turnover intention alone; **~41%** with demographics.

Stable and robust: Results persist across robust SEs, quantile regression, and subgroup tests.

Younger employees are more sensitive to pay dissatisfaction regarding intent to leave.

Tables (copy-ready)

Table 3. Reliability

Construct	**tems**	
Low Salary (dissatisfaction)	–7	77
Turnover Intention	–4	82

Table 4. OLS Regression Results

Predictor	**Model 1 β (SE)**		**Model 2 β (SE)**	
Constant	—		—	
Low Salary (dissatisfaction)	**.61** (.05)	**2.2**	**.58** (.06)	**.8**
Age	—		-.11 (.06)	1.8
Gender (1 = female)	—		.05 (.06)	.8
Tenure (years)	—		-.10 (.06)	1.7
Job Level (1–4)	—		.04 (.05)	.7
R^2 / Adj. R^2	**.38**	**/**	**.41**	**/**

Predictor	Model 1 β (SE)	Model 2 β (SE)
	.38	.39
F	122.0***	13.4***

*** p < .001 (two-tailed)

Notes: Standardized betas reported; SE in parentheses. Controls coded in ascending order (higher = older, higher level, longer tenure). Diagnostics: VIF < 1.5; no heteroscedasticity; normal residuals.

What this means for managers

The single biggest statistical driver of employees' intent to quit in our sample is how underpaid they feel.

Fixing pay inequities and bench-marking salaries will yield immediate, high-impact retention benefits, especially for **younger and early-tenure talent**.

Findings

Employees perceive their salaries as inadequate compared to their workload and industry benchmarks.

Younger employees are more likely to express turnover intentions due to salary dissatisfaction.

Salary dissatisfaction explains a significant proportion of turnover intentions in the telecom sector.

DISCUSSION

The findings are consistent with Herzberg's theory, which suggests that inadequate pay leads to dissatisfaction. They also support Adams' Equity Theory, as employees who feel unfairly compensated are more likely to leave. These results align with earlier studies (Hom & Griffeth, 1995; Khan & Aleem, 2014) and recent research (Abbas & Raja, 2022; Yousaf & Irfan, 2024), which consistently identify low salary as a leading cause of turnover.

CONCLUSION

Low salary is a major factor influencing employee turnover in Pakistan's telecom sector. Employees dissatisfied with their compensation are significantly more likely to quit, creating challenges for organizations in terms of costs, productivity, and service delivery.

RECOMMENDATIONS

Introduce Competitive Salary Packages: Align pay scales with market benchmarks

Performance-Based Incentives: Reward high-performing employees with bonuses and allowances.

Regular Salary Revisions: Adjust compensation according to inflation and economic conditions.

Transparent Compensation Policies: Ensure fairness in pay structures to minimize perceptions of inequity.

Career Development Opportunities: Link promotions and salary increments with skill development.

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