Determinants of Job Satisfaction among Employees of Banking Industry at Bahawalpur

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Abstract
The main objective of this study is to identify the factors affecting the job satisfaction of employees of banking industry at Bahawalpur and to analyze the impact of recruitment & selection procedures, organizational policy & strategy, nature of work, job stress, personality and communication on job satisfaction of employees of banking industry. For data collection purpose, a questionnaire on 4-point likert scale was developed and personally distributed among employees of banks but received only 186 which indicate 79% response of the respondents. Linear regression and correlation applied for analyzing the data and results found that recruitment & selection procedures, organizational policy & strategy, nature of work, job stress, personality and communication are significantly related to job satisfaction. The results further indicate that job stress, communication and personality have a significant but weak impact on job satisfaction whereas recruitment & selection procedures, organizational policy & strategy and nature of work have a significant and strong impact on employee job satisfaction.

Keywords: Job satisfaction, Organizational policy & strategy, Communication, Job stress
1. Introduction

Job satisfaction is the discrepancy among people's expectations and wants related to the job, and what is really offered to them (Heslop et al., 2002). Job satisfaction is very important not only for employees but also for the success of the organization (Lim, 2008) because if an employee is not satisfied with his job then he will not be loyal with the organization and dissatisfaction with a job and/or lack of loyalty to the organization, may search for other jobs (Reed et al., 1994). Job satisfaction can also define as the extent to which employees like their jobs (Spector, 1997, p. 7). Studies discuss the various aspects of the employee’s job satisfaction such as job, salary levels, promotion opportunities, and relationship with co-worker (Schermerhorn et al., 2005, p. 158). Hoppock (1935) first proposed the concept of employee satisfaction, according to him it is the individual response or happiness of employees with objective and emotional facet of their work environment.

Employee satisfaction, also called “job satisfaction” (Wang, 2005). Employee satisfaction defined as employees’ feelings and thoughts about organization, work and co-workers (Beer, 1964). Locke (1976) proposed the theory of value, and suggested that employee satisfaction does not address individual desires, but associated with employee’s needs or principles. In case of a good salary package, work environment and chances to prospect in the future, may positively influence the employee’s loyalty and ultimately increased job satisfaction. Ivancevich et al. (1997) defined job satisfaction as the sensation and perception of the employee about his work and organization. Happy employees are more likely to be welcoming and attentive which attracts customers and the employees not satisfied with the job can lead to customer unhappiness (Hanif and Kamal, 2009).

Results of studies of job satisfaction are derived from two main sets. First, job satisfaction is associated with increased output, efficiency of the organization, loyalty with the organization, and reduced absenteeism and earnings (Ellickson and Logsdon, 2001). According to Wright and Davis (2003), job satisfaction positively affect on the ability, effort and capability of the employees however, if employees not satisfied with the job then it may cause turnover intentions, increasing costs, decreasing profits and ultimately customer unhappiness with the organization (Zeffane et al., 2008).

The objectives of this study is (1) to identify the factors affecting the job satisfaction of employees of banking industry at Bahawalpur and (2) to analyze the impact of recruitment &
selection procedures, organizational policy & strategy, nature of work, job stress, personality and communication on job satisfaction of employees of banking industry.

This paper is divided into six main sections. Section 2 presents the literature review, conceptual framework, research problem, research objectives and hypotheses whereas section 3 consists of detailed description of methodology. Detailed analysis of results discussed in section 4 and section 5 presents conclusion whereas recommendations and limitations discussed in section 6.

2. Literature Review

2.1. Factors Affecting Job Satisfaction

Over the years, many studies have attempted to categorize and find out the factors that affect job satisfaction (Abdullah et al., 2011) and found wages as the main factor for job satisfaction, but other factors such as the promotion, recognition of work, and employees loyalty also considered. In addition, salaries and incentives are the most important determinant of job satisfaction (Calisir et al., 2010). Ali and Ahmed (2009) concludes that due to the changes in reward or recognition programs, there will be a corresponding change in work motivation and satisfaction, this means that if there is a greater focus on remuneration and recognition, can have a positive impact as a result of motivation and thus lead to higher levels of job performance. Moreover positive and significant association found between job satisfaction and management practices such as team work, independence and leadership positions (Hunjra et al., 2010).

Hanif and Kamal (2009), argues that if companies makes favorable strategies and rules for the employees related to pay scales, policy development, staff input, and the work environment, may lead to employee engagement, satisfaction and increased employee loyalty with the organization because satisfied employees are more likely to be welcoming and attentive which attracts customers and the employees not satisfied with the job can lead to customer unhappiness. Abdulla et al. (2011) examines the relationship between job satisfaction and environmental and demographic factors and found environmental factors (such as salary, promotion and supervision) better predictors of job satisfaction as compared to demographic factors (such as sex, age and education level as well as other factors related to their work experience, such as job level, shift work, and years of experience). Rumman (2011) concludes that there is no statistically significant association between demographic factors, and their working environment in travel and tourism companies in Amman and a statistically significant
correlation was found between the nature of the employee's job and job satisfaction in the travel and tourism companies in Amman.

Employee satisfaction relates to the design of compensation system for a business, because payment strategies based on compensation system and should appreciate (Lai, 2011). Lai (2011) argue that an efficient compensation system result in organizational growth and expansion and exhibit a positive relationship between employee satisfaction and job-based wages, skill-based pay and performance-based pay. The study concludes that the intrinsic factors of motivation, including recognition, work, career opportunities, professional growth, responsibility, good feeling about the organization that has a significant correlation with job satisfaction, while hygiene (external) factors have no significant relationship with job satisfaction of employees satisfaction.

According to Locke (1976), there should be clear policies and strategies in the organization which makes easy for employees to understand their tasks and objectives etc because otherwise it may lead toward dissatisfaction. Abu Elanain (2009) recently argued that UAE employees prefer clear goals and objectives, well defined lines of authority, autonomy because of their high degree of uncertainty avoidance. Abdulla et al., (2011) identified communications and job stress an important determinant of job satisfaction and found no significant influence on job satisfaction whereas significant relationship found between job satisfaction and its determinants (salary and incentives, organizational policy and strategy and nature of the work).

In addition, significant differences found between the gender, qualifications, experience, job characteristics and job satisfaction (Ahmed et al., 2010). It can be concluded that the salary, promotion and training positively and significantly influence the job satisfaction. However, employees place more emphasis on pay and promotion of the program (Butt et al., 2007). Akbar et al., (2011) confirms that empowered employees leads towards higher levels of employee satisfaction (Akbar et al., 2011). Calisir et al. (2010) found a very strong influence of job satisfaction on organizational commitment whereas job stress and role ambiguity indirectly influence the willingness of employees to leave their jobs.

Hansia (2009) concluded that the majority of people or employees agree that personality type suits the work they do, and have the opportunity to do what they do best and they are also optimistic about their personal and professional life (Hansia, 2009). Hansia (2009) demonstrate
that the procedures for recruitment and selection are an important predictor of job satisfaction of employees, and fair policy of recruitment and selection leads to employee satisfaction at work.

2.2. Research Objectives

The objectives of this study is (1) to identify the factors affecting the job satisfaction of employees of banking industry at Bahawalpur and (2) to analyze the impact of recruitment & selection procedures, organizational policy & strategy, nature of work, job stress, personality and communication on job satisfaction of employees of banking industry.

2.3. Research Questions

1. What are the major determinants of employee’s job satisfaction?
2. How these determinants impact on employee’s job satisfaction?

2.4. Research Problem

To this end, the following research problem was identified:

“To what extent do factors such as recruitment and selection, organizational policy & strategy, nature of work, job stress, employee’s personality and communication, impact on job satisfaction”.

2.5. Conceptual Framework

2.6. Hypothesis

From the above literature review the following hypotheses have been developed.
H1: There is a significant relationship between organizational policy & strategy and job satisfaction.
H2: There is a significant relationship between nature of work and job satisfaction.
H3: There is a significant relationship between communication and job satisfaction.
H4: There is a significant relationship between job stress and job satisfaction.
H5: There is a significant relationship between personality and job satisfaction.
H6: There is a significant relationship between recruitment & selection procedures and job satisfaction.

3. Research Design

3.1. Population & Sample size

Population includes employees of all the branches of banks of Bahawalpur district as there are 116 branches of banks in Bahawalpur district and in each bank branch there are average 5 employees. So the population consists of 580 employees of banks branches of Bahawalpur district whereas the sample size according to the table of Krejcie, Robert V. Mrogon and Darley W (1970) is 234. In this study random sampling technique is used.

3.2. Data Collection Methodology

The instrument used for data collection was questionnaire on 4-point likert scale from strongly agree to strongly disagree, where point-1 indicate strongly agree, 2 agree, 3 disagree and 4 strongly disagree, developed by Abdulla et al., (2011), Hansia (2009) and Calisir (2011). However little modifications were made in the questionnaire. Data was also collected through the databases of State Bank of Pakistan. 234 questionnaires were personally administered among the respondents but received only 186 questionnaires which indicate the 79% response of the respondents.

3.3. Linear Regression Equation

To determine the determinants of job satisfaction among employee of banking industry at Bahawalpur, it would be beneficial to apply linear regression to the dependent and independent variables. The regression line gives an estimation of the linear relationship between a dependent and one or more independent variables. Therefore the equations for our regression model are:

\[ \text{Job satisfaction} = \beta_0 + \beta_1 (\text{Organizational policy & strategy})_i + e_i \ldots \quad (1) \]
\[ \text{Job satisfaction} = \beta_0 + \beta_1 (\text{Nature of work})_i + e_i \ldots \quad (2) \]
\[ \text{Job satisfaction} = \beta_0 + \beta_1 (\text{Communication})_i + e_i \ldots \quad (3) \]
Job satisfaction = \( \beta_0 + \beta_1 \) (Job stress) \( 1_i + \epsilon_i \) ………. (4)  
Job satisfaction = \( \beta_0 + \beta_1 \) (Personality) \( 1_i + \epsilon_i \) ……. (5)  
Job satisfaction = \( \beta_0 + \beta_1 \) (Recruitment & selection procedures) \( 1_i + \epsilon_i \) …… (6)  

4. Data Analysis  

For data analysis purpose SPSS-16 version were used and following technique used were Cronbach’s alpha, Correlation, Descriptive statistics (mean, standard deviation) and Linear regression.  

4.1. Cronbach’s alpha  
Internal reliability of the instrument was checked by using Cronbach’s alpha. The standard value of reliability is 0.7 and results indicate the value of 0.907 which is well above of the standard value 0.7 and thus is reliable. 

| Reliability Statistics |  |
|-----------------------|--|  |
| Cronbach's Alpha     | N of Items  |
| 907                  | 37          |

4.2. Correlation Analysis and Descriptive Statistics  
The table of descriptive statistics consists of mean and standard deviation and showing higher mean value of 2.4812 of job stress. The correlation table shows that communication (.412), job stress (.315) and personality (.401) is weakly correlated with job satisfaction whereas organizational policy and strategy, nature of work and recruitment and selection is strongly correlated with job satisfaction.

<table>
<thead>
<tr>
<th>Table 1: Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Descriptive Statistics</td>
</tr>
<tr>
<td>Organizational policy&amp; strategy</td>
</tr>
<tr>
<td>Nature of Work</td>
</tr>
<tr>
<td>Communication</td>
</tr>
</tbody>
</table>
Table 2: Correlation Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
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</thead>
<tbody>
<tr>
<td>Organizational Policy &amp; Strategy</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature of Work</td>
<td>.550**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>.634**</td>
<td>.412**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Stress</td>
<td>.204**</td>
<td>.249**</td>
<td>.315**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personality</td>
<td>.452**</td>
<td>.482**</td>
<td>.199**</td>
<td>.401**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Selection Procedures</td>
<td>.687**</td>
<td>.628**</td>
<td>.462**</td>
<td>.120</td>
<td>.582**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>.463**</td>
<td>.632**</td>
<td>.289**</td>
<td>.185*</td>
<td>.497**</td>
<td>.554**</td>
<td>1</td>
</tr>
</tbody>
</table>

**.Correlation is significant at 0.01 level (2-tailed).
*.Correlation is significant at the 0.05 level (2-tailed).

4.3. Linear Regression Analysis

Linear regression was used to check the impact of independent variables on dependent variable and summarized results of linear regression is presented in table below:

Table 3: Summarized results of Linear Regression

<table>
<thead>
<tr>
<th>Variables</th>
<th>R</th>
<th>t-value</th>
<th>F-value</th>
<th>P-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Policy &amp; Strategy</td>
<td>.463</td>
<td>10.991</td>
<td>50.275</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td>Nature of Work</td>
<td>.632</td>
<td>11.542</td>
<td>122.522</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td>Communication</td>
<td>.289</td>
<td>19.380</td>
<td>16.788</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td>Job Stress</td>
<td>.185</td>
<td>11.291</td>
<td>6.532</td>
<td>0.011</td>
<td>Accept</td>
</tr>
<tr>
<td>Personality</td>
<td>.497</td>
<td>7.136</td>
<td>60.381</td>
<td>0.000</td>
<td>Accept</td>
</tr>
<tr>
<td>Recruitment &amp; Selection Procedures</td>
<td>.554</td>
<td>14.141</td>
<td>81.468</td>
<td>0.000</td>
<td>Accept</td>
</tr>
</tbody>
</table>
4.3.1. Hypothesis: H1 is accepted because the p-value is less than 0.05 and the value of R is .463 which shows that 46.3% variance in employee job satisfaction is due to organizational policy and strategy. F value is 50.275 at p=0.000 showing that model is good fit. The t-value as shown in the table (10.991) should be greater than +2 thus making it a useful predictor and thus concludes that proposed that banks with clear and fair policy and strategy has a significant relationship with employees job satisfaction.

4.3.2. Hypothesis: H2 is accepted because the p-value is less than 0.05 and the value of R is .632 which shows that 63.2% change in employee job satisfaction is due to organizational policy and strategy. F value is 122.522 at p=0.000 showing that model is good fit. The t-value as shown in the table (11.542) should be greater than +2 thus making it a useful predictor and thus concludes that employees job satisfaction significantly associated with nature of job that provides opportunity to be creative, use number of skills and work independently.

4.3.3. Hypothesis: H3 is accepted because the p-value is less than 0.05 and the value of R is .289 which shows that 28.9% change in employee job satisfaction is due to organizational policy and strategy. F value is 16.788 at p=0.000 showing that model is good fit. The t-value as shown in the table (19.380) should be greater than +2 thus making it a useful predictor and thus concludes that effective communication between coworkers and with supervisors significantly associated with employee’s job satisfaction.

4.3.4. Hypothesis: H4 is accepted because the p-value is less than 0.05 and the value of R is .185 which shows that 18.5% change in employee job satisfaction is due to organizational policy and strategy. F value is 6.532 at p=0.011 showing that model is good fit. The t-value as shown in the table (11.291) should be greater than +2 thus making it a useful predictor and thus concludes that job stress due to workload and work related problems significantly associated with employee’s job satisfaction.

4.3.5. Hypothesis: H5 is accepted because the p-value is less than 0.05 and the value of R is .497 which shows that 49.7% change in employee job satisfaction is due to organizational policy and strategy. F value is 60.381 at p=0.000 showing that model is good fit. The t-value as shown in the table (7.136) should be greater than +2 thus making it a useful predictor and thus concludes that there should be alignment between employee personality and job tasks and thus significantly associated with high employee job satisfaction.

4.3.6. Hypothesis: H6 is accepted because the p-value is less than 0.05 and the value of R is .554 which shows that 55.4% change in employee job satisfaction is due to organizational policy and
strategy. F value is 81.468 at p=0.000 showing that model is good fit. The t-value as shown in the table (14.141) should be greater than +2 thus making it a useful predictor and thus concludes that banks with fair recruitment and selection strategies related to hiring and firing significantly associated with employee’s job satisfaction.

5. Conclusion

The purpose of this study is to identify the determinants of job satisfaction and examine its impact on employees of the banking industry at Bahawalpur district. The results concludes that all the variables organizational policy and strategy, nature of work, communication, job stress, employee personality and recruitment and selection procedures have significant association with employees job satisfaction. The results of this study is consistent with Abu Elanain (2009) and Abdulla et al., (2011) who identified communications and job stress as an important determinant of job satisfaction and found weak impact on job satisfaction but found strong impact of organizational policy and strategy and the nature of the work on job satisfaction.

The results of this study is also consistent with the study of Hansia (2009) who concluded that the majority of people or employees agree that personality type suits the work they do, and have the opportunity to do what they do best and they are also optimistic about their personal and professional life (Hansia, 2009). Hansia (2009) further demonstrate that fair policy of recruitment and selection leads to employee satisfaction at work.

6. Limitation, Recommendations & Future Research

The major limitation of this study was the lack of time and money. Besides this other limitations are the biasness of respondents in filling the questionnaires. Moreover the sample size of this study was small. This study concentrates only on the banking industry of Bahawalpur district which could not be generalizable and thus further studies could be applied on the banking industry of Pakistan.

This study intends to make an important contribution that is, other studies examine the impact of rewards, recognition, salary, training and development, promotion etc on employee job satisfaction whereas this study examine the impact of organizational policy & strategy, nature of job, communication, personality, job stress and recruitment and selection strategy on employees job satisfaction. This study could be a helpful source for the management of the banking industry to attract, retain and motivate their efficient employees through taking into account these variables as important determinants of job satisfaction.
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