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# Employee Motivation Factors in Banking Sector: A Study on Qualitative and Quantitative Analysis

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## Abstract

Motivation is defined as thing that activates human behavior to attain a certain achievement. In the banking sector, the success of the organization mainly reflected by the hard works of employees. Therefore, to achieve the organizational goals employee should be motivated by the external and internal factors. The purposes of this study were to investigate motivation factors, and variation of the impact of demographic determinants on job satisfaction across public and private banking sectors in Sri Lanka. The employees of private and public banks in Uva province was the population of the study. Both qualitative and quantitative analysis was used to perform the analysis. In-depth interviews were done with 30 employees in all grades of private and public banking sector. In-depth analysis was conducted on views about job satisfaction, payments, promotions, recognition and working hours as motivation factors. The sample size of the quantitative data was 250. Narrator analysis was performed on the qualitative data to investigate motivation factors and top motivation factor among employees, while the chi-square test and ordinal logistic regression techniques were used in quantitative analysis. The results indicated that the majority of the employees considered job satisfaction as the top motivator among bankers. A number of dependents, education level and distance to the workplace are significant factors on job satisfaction of private sector bankers whereas age and experience had a significant impact on job satisfaction of public sector employees which implies that demographic determinants on job satisfaction vary with the banking sector.

**Keywords:** In-Depth Analysis, Job Satisfaction, Motivation, Ordinal Logistic Regression, Recognition

## 1. Introduction

Motivated workers utilize their skills efficiently for the success of the organization. Positive motivation reflects employee satisfaction towards the job and directly effects the profitability of the organization. Theoretically, motivation refers to what activates, leads human behavior and how this behavior is maintained to attain a particular goal (Srivastava and Bhatia, 2013). Motivation can be categorized as extrinsic and intrinsic motivation. Extrinsic motivation denotes external factors, which can be measured in monetary terms, such as salary and benefits (Aronson, Wilson and Akert, 2002). Intrinsic motivation refers to internal factors such as job

satisfaction. Job satisfaction, salary, promotion, team spirit, working hours and recognition are some of the motivation factors analyzed in most of the studies (Srivastava and Bhatia, 2013). Further, past studies revealed that top motivator among workers is job satisfaction (Srivastava and Bhatia, 2013) and job satisfaction may vary with the demographic profile (Kamal and Sengupta, 2008). Therefore, it is worth investigating the employee motivation factors and job satisfaction of workers.

The economy of any country depends on three key regions; agricultural sector, industrial sector, and service sector (Farwin and Uthayakumar, 2018). Among their vital role is played by the service sector for the success of economic advancement. In the Sri Lankan financial system, the banking sector which is one of the service segments plays a major role. Banks make a bridge between savers and borrowers by accepting deposits and lending. This process establishes an equilibrium status in the economy. Further, banking sector accomplishes social responsibility such as providing financial support to self-employers through lending. It evidenced that the banking sector contributes to the massive extent to the financial development of the country directly and indirectly. However, with the global recession, due to the decline of income of borrower, there are unable to repay the installments. Therefore, non-performing loans (NPLs) increase and with respect to that the cost of provisions for potential losses associated with credit increase. Consequently, the profit of the bank falls. This matter causes an enormous effect on banking sector in Sri Lanka. To overcome this issue, authorities should effectively and efficiently utilize internal resources. Therefore, the hard work of motivated employees is recognized as the key element in successful navigation through these harsher financial issues (Kozarevic, Peric and Delic, 2014). Generally, banks are highly known for a heavy workload, long working hours and least motivated employees. By considering these facts, this study is conducted among employees in the banking sector to investigate the factors motivating employees, explore the topmost motivator among banking employees and the variation of influence of demographic determinants on job satisfaction along with banking sector; private and public.

### *1.1. Literature review*

Srivastava and Bhatia (2013) were conducted research to identify motivational factors on employee satisfaction in public sector banking employees. Self-administrated questionnaires were used to collect data among limited banks in Lucknow and individual communication was done to go in-depth of details. The respondent rated that the top five motivational factors as job satisfaction, promotions/expectations, recognition, good pay, and styles of organization/management. Further, the study revealed that the top motivator among prospective workers today is job satisfaction.

Kamal and Sengupta (2018) conducted research on the bank officer's job satisfaction. 100 officers from 28 branches of one of the largest Indian banks were used for the analysis. According to the analysis, job satisfaction of bank officers is related to various variables such as age, occupational level, size of the organization, organizational climate, educational qualifications, economic background, size of the family, and gender. It was concluded that the level of job satisfaction varies with the change of satisfaction determinants and with age, people are generally more satisfied with their jobs. This study reveals the relationship between job satisfaction and personal circumstances and the relativity of the overall concept of personal perception of job satisfaction.

Ahmad, Ahmed, Mangi, Palwishah, and Susan (2014) worked on a study to determine the factors motivating employees in the banking sector of Pakistan with respect to their demographic reflections. The questionnaire was filled from employees working in public sector banks. Motivational factors such as "Fair wages and Promotion," "Health and other services," "Work environment," "Job Specification," "Prestige and Request," "Management Policies and Style," "Non-Cash Benefits," "Sports" and lastly "Setting and Defining Goals" play a significant role in motivating employees. Since in public banks of Pakistan, didn't consider the motivation of employees though it is vital, this study directs their attention to the above-mentioned factors in order to increase their performance.

Amrizal (2016) investigated the impact of achievement, recognition, work itself, responsibility and advancement on banking employee's job satisfaction. Both quantitative and qualitative research design was applied in this study. Snowball sampling technique was used in quantitative analysis and 900 employees were selected whereas for the qualitative data, 18 human resource and technology managers of Islamic and conventional banks were considered by using a purposive sampling technique. The structural equation model was used to perform quantitative analysis. In qualitative analysis, data was collected by conducting interviews and narrator analysis was used for the data analysis. Quantitative analysis revealed that all indicators of achievement, recognition, work itself, responsibility and advancement have a positive significant association and very strong influence for Islamic and conventional banks. Finally, the results of the qualitative data analysis confirmed the quantitative findings.

## 2. Methodology

In this study, both qualitative and quantitative research design was used. Both private and public sector banking employees in the Uva province were considered as the population. Data were collected for the qualitative analysis by conducting individual interviews with 15 employees in the public banking sector and 15 private sector banking employees who were selected using a judgemental sampling technique. The selected sample comprises 30 individuals in all grades of banking sector. In-depth analysis was done on the views of Job satisfaction, Payment, recognition, working hours and promotions which are considered motivational factors. The narrator analysis used as the qualitative data analysis technique to identify the employee motivation factors and explore the top motivator among bankers.

The questionnaire which contains questions on demographic information and job satisfaction level in a five-point likert scale was used to collect the quantitative data. The sample size of each sector was determined by proportionate to the population size. Then, a multi-stage random sampling technique was adopted to obtain 250 samples, which consist of private and public sector banking employees in all grades who are working in the Uva province. The demographic factors; age, gender, civil status, education level, number of dependents, distance to workplace, experience and job grade were considered. Chi-square test and ordinal logistic regression techniques were used to investigate the influence of demographic factors on job satisfaction in each sector. The dependent variable was job satisfaction and independent variables were demographic profiles. Since the job satisfaction contained satisfaction levels in a five-point likert scale, the scale of the measurement of the variable is ordinal. Therefore ordinal logistic regression models were fitted to investigate the relationship between employee satisfaction and demographic determinants across two sectors.

## 3. Results

According to the interview session, data were collected on views of employees about payments, job satisfaction, promotion, working hours and recognition. Majority of the employees in both sectors expressed that satisfaction on a job plays a major role in work motivation. Since job satisfaction is the feeling towards a job and if they are happy about the work, they can perform well in a satisfactory manner. Secondly, most of them considered the salary as the motivator. Most of the public sector employees were satisfied with the payment than private-sector employees and they expressed that they were getting a high level of salary, overtime payments, and incentives also. Proportionate to the profit they were getting bonus payments well which motivate them highly.

One of the employees said:

"I am highly satisfied with my salary and other payments. My friends are still studying in universities and the others who are doing jobs after A/levels are not enjoying this much of benefits. I got this job when I was in the first year of my university life. I decided to choose this job other than higher education. The salary is one of the most reasons that motivate me to take this decision and to work hard on achieving daily targets."

Employees revealed that according to the experience, achievements, skills, and qualifications there are promotion policies in both sectors. In the public sector, annually authorities announced interviews and examinations to assess the employees for the promotions. They said that employees with higher educational qualifications would be able to get promoted shortly than others if they perform well. All others should gain experience or need to be an extra-ordinary character by working hard, achieving targets and doing innovative things. Therefore, it highly motivates the employee to work hard.

Most of the employees in both sectors expressed that they always like to obtain appreciation from the supervisor or Manager, which motivates them to work. Further, they said that employers organize Spirit awarding ceremony annually to appreciate and recognize the achievers and hard workers. Moreover, in some branches, they are selecting the best employee of the month and rewarding, and in monthly review meetings managers are appreciated for the achievements as well as if they would not be able to achieve them, they have to get negative feedback. Therefore, they said that managers always motivate employees and themselves to perform well to avoid getting negative feedback from the authorities.

One of the managers expressed:

“The dominant crisis in the bank was an increase in NPLs. Therefore, to motivate employees on this issue, our head office took a creative solution in last year. They sent daily updates on status of the branch position according to the NPL. Further, they motivated us by sending creative motivational wishing images via email according to the achievements. NPL rate was gradually increased in one of the branches and they sent an email by mentioning “...branch are you sleeping?”. Creatively, they sent negative feedbacks also. Therefore, all of us worked hard to decrease the NPL rate and we, as a bank won the first place last year by achieving the NPL target.”

Further, most of the employees in both sectors were less satisfied with the working hours. They said that sometimes they had to work until midnight to finish their daily works. Officers have to work long hours with fewer payments which causes demotivation about work, although staff assistants are paid well for overtime works. Female workers highly demotivated with long working hours than male workers and they said that it is very difficult since they have to pay more care to their children and family than male workers.

In quantitative analysis, Cronbach’s alpha was used to assess the reliability of the data set. The overall Cronbach’s alpha of the test was 0.935 and all alpha values of respective variables also were greater than 0.7. It implies the prospects' reliability of the data set. The sample comprises 250 banking employees in Uva province. Among them, 48.7% were private sector banking employees while 51.3% were public sector bankers.

Table 1: Frequency statistics of demographic variables according to the sector and Chi-squared independent test for variables

| Variable    |          | Public                |                            | Private               |                            |
|-------------|----------|-----------------------|----------------------------|-----------------------|----------------------------|
|             |          | Satisfaction Rate (%) | p-value (Chi-squared test) | Satisfaction Rate (%) | p-value (Chi-squared test) |
| Age (Years) | 18-29    | 70.5%                 | 0.391                      | 62.5%                 | 0.596                      |
|             | 30-39    | 44.4%                 |                            | 60.0%                 |                            |
|             | 40-49    | 62.5%                 |                            | 50.0%                 |                            |
|             | Above 50 | 100.0%                |                            | 50.0%                 |                            |
| Gender      | Male     | 68.9%                 | 0.145                      | 58.1%                 | 0.986                      |
|             | Female   | 55.6%                 |                            | 62.5%                 |                            |

|                        |                                    |       |       |        |       |
|------------------------|------------------------------------|-------|-------|--------|-------|
| Civil Status           | Unmarried                          | 70.5% |       | 60.9%  | 0.740 |
|                        | Married                            | 53.6% |       | 59.6%  |       |
| Education Level        | GCE O/L                            | 50.0% | 0.087 | 50.0%  | 0.589 |
|                        | GCE A/L                            | 72.1% |       | 72.4%  |       |
|                        | Diploma/Professional Qualification | 50.0% |       | 55.6%  |       |
|                        | Degree                             | 44.4% |       | 47.6%  |       |
|                        | Postgraduate                       | 75.0% |       | 75.0%  |       |
| Dependents             | 0                                  | 68.0% | 0.709 | 67.6%  | 0.081 |
|                        | One child                          | 57.1% |       | 52.4%  |       |
| Distance to work place | < 1 Km                             | 75.0% | 0.951 | 66.7%  | 0.088 |
|                        | 1-20 Km                            | 59.1% |       | 53.8%  |       |
|                        | 21-50 Km                           | 59.3% |       | 54.2%  |       |
|                        | >50 Km                             | 41.4% |       | 50.0%  |       |
| Experience (Years)     | <1                                 | 60.7% | 0.694 | 57.1%  | 0.083 |
|                        | 1-3                                | 60.6% |       | 58.3%  |       |
|                        | 3-5                                | 58.3% |       | 57.1%  |       |
|                        | 5-7                                | 60.0% |       | 67.5%  |       |
|                        | 7-10                               | 59.0% |       | 70.0%  |       |
|                        | >10                                | 60.0% |       | 71.5%  |       |
| Job Grade              | Trainee                            | 62.5% | 0.071 | 0.0%   | 0.753 |
|                        | Clerk                              | 73.7% |       | 83.3%  |       |
|                        | Staff Assistant                    | 64.0% |       | 59.5%  |       |
|                        | Officer                            | 66.7% |       | 66.7%  |       |
|                        | Assistant Manager                  | 50.0% |       | 44.4%  |       |
|                        | Manager                            | 0.0%  |       | 0.0%   |       |
|                        | Senior Manager                     | 0.0%  |       | 100.0% |       |

According to the frequency statistics in table 1, the utmost of the public sector female workers was satisfied with the job whereas the majority of male bankers in the private sector had satisfaction with the job. Advance level passed employees in both public and private banks were typically satisfied with the banking job. Both private and public sector banking employees in the age group of 18 to 29 years had considerable satisfaction with their job. This age group is the youngest group in the banking organization. Since they are energetic and enthusiastic, they may be able to attach with the workload and satisfy with the job. Further, unmarried bankers and also the employees who don't have dependents, in both banking sectors were mostly satisfied with their works. When employees are unmarried and independent, they have no responsibilities in their personal life. Therefore, they will only concentrate on the job and work with a satisfied mind. The majority of satisfied employees in both private and public sectors were coming from distances less than one kilometer to their workplaces and the job satisfaction rate was slightly declined with the distance to the workplace. Moreover, the private sector employees' job satisfaction rate remained constantly around 60.0% with each level of job experience. However, in public banks, worker's satisfaction rate was increased with the rise of years of job experience. With more experience, employees may have good confidence to work and they may be adjusted well with the working environment, which will be the motive for them to work happily. According to the results, compared to non-managerial employees, the employees who are in managerial grades had a lower satisfaction rate in both sectors. Regardless of the banking sector, when bankers are in managerial grades, responsibilities increase with respect

to the benefits. Those huge responsibilities may stress them and decrease their satisfaction level about the job. Chi-square analysis implies that the number of dependents, experience and the distance to the workplace had a significant association with job satisfaction of public sector employees while in private sector employee's job satisfaction was significantly related to education level and job grade.

Table 2: Ordinal logistic regression significant coefficients and odds ratios

| Variable              |                                    | Coefficient | p-value | Relative Risk Ratio |
|-----------------------|------------------------------------|-------------|---------|---------------------|
| <b>Public sector</b>  |                                    |             |         |                     |
| Gender                | Male                               | -           |         |                     |
|                       | Female                             | -1.286      | 0.086   | 0.276               |
| Education Level       | GCE O/L                            | -           |         |                     |
|                       | Diploma/Professional qualification | -3.481      | 0.096   | 0.031               |
| Dependents            | 0                                  | -           |         |                     |
|                       | One child                          | -2.176      | 0.095   | 0.114               |
| Distance to workplace | < 1 Km                             | -           |         |                     |
|                       | 1-20 Km                            | -1.696      | 0.086   | 0.183               |
|                       | 21-50 Km                           | -1.726      | 0.060   | 0.178               |
| <b>Private sector</b> |                                    |             |         |                     |
| Age (Years)           | 18-29                              | -           |         |                     |
|                       | 40-49                              | -4.179      | 0.047   | 0.015               |
| Gender                | Male                               | -           |         |                     |
|                       | Female                             | 0.898       | 0.099   | 2.455               |
| Experience (Years)    | <1                                 | -           |         |                     |
|                       | 1-3                                | 1.994       | 0.040   | 7.345               |
|                       | 3-5                                | 1.810       | 0.041   | 6.110               |
|                       | 5-7                                | 2.254       | 0.000   | 9.526               |
|                       | >10                                | 2.331       | 0.006   | 10.288              |

At the 1% significance level, fitted regression models in table 2, indicate that gender has a significant impact on employee satisfaction in both public and private banks. In private sector, female workers are 0.276 more likely to be satisfied with the job compared to male workers, while in public sector female employees are 2.455 times likely to be in the satisfied group other than the male employees. However, the number of dependents, education level and distance to the workplace are significant factors on job satisfaction of private sector bankers whereas age and experience had a significant impact on job satisfaction of public sector employees. In private banks, with the increase of distance to workplace and number of dependents, employee's job satisfaction rate is decreasing. Further, an employee who had diploma/professional qualification is 0.031 more likely to be satisfied with compared to one who passed the ordinary level examination. However, in public sector banker's satisfaction level is rising with an inclination of experience while banker whose age is in between 40 and 49 years is 0.015 times satisfied than one who is in the age group of 18 and 29 years. Therefore, descriptive results obtained using a frequency table was confirmed by these two models across each sector. Further, by fitting these regression models, it was able to detect the significant groups of socio-demographic factors, which form a noteworthy impact on job satisfaction according to the banking sector.

#### 4. Discussion

According to the qualitative analysis, it emphasizes that job satisfaction as the most important motivational factor among bankers. Therefore, employee job satisfaction along with the demographic profile was analyzed. Socio-demographic factors represent an employee's personal life and it makes a vast influence on the advancement of worker's motivation. If employers identify them, employees will contribute themselves to the growth of the organization with a satisfied mind about the job. Therefore, consideration of those factors directly opens a path to achieve organizational goals. Quantitative analysis results of this study reveal that the gender, age, education level, number of dependents, distance to workplace and experience are significant socio-demographic causes on job satisfaction of bankers and the impact of those socio-demographic determinants are varied with the banking sector. For instance, in both sectors, gender makes a significant influence on job satisfaction, although in private-sector male employees are mostly satisfied and in public sector female workers are enjoyed the work with respect to male workers. Therefore, it is advisable for the banking organizations to deliberate about the socio-demographic factors along with the banking sector when making policies of recruiting and facilitating an employee. Then, employers in the public and private sector would be able to generate a win-win environment for employees and organizational goals will be achieved productively by utilizing skills of motivated employees efficiently.

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