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Factor Variation on Job Satisfaction of Banking Employees: A Comparative Study on Public and Private Banks

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Abstract

In the competitive banking industry, the success of the organization totally depends on the workforce. The level of job satisfaction of the employee implies the image of the organization and it leads to the accomplishment of the goals of the organization and may vary with the banking sector; public versus private. The main purpose of this study is to compare the job satisfaction level of bankers and analyze significant influencing factors on job satisfaction in accordance with the sector. The data were collected through a questionnaire, from 150 employees in Badulla district, Sri Lanka. The chi-squared test and ordinal logistic regression model was used to identify the significant determinants. According to the regression analysis, there were positive significant effects from empowerment, job security, recognition and appreciation, relationship with the staff and work-life balance on public bank employee's job satisfaction. The most significant causative factor was the empowerment of employee and when there was an advance in empowerment; a person is 4.116 times more likely to be satisfied. However, in the private sector other than the work-life balance, all other significant causes were varied. The ability to utilize skills, the possibility of growth, salary, work-life balance and working environment were positively affected on job satisfaction. In the private sector, dominant significant impact factor was work-life balance and employee was 6.619 times more likely to be in satisfying level when there is an increase in the work-life balance. It implies that the impact factors on job satisfaction in the banking industry vary with the sector.

Keywords: Empowerment, Job Satisfaction, Odds Ratio, Ordinal Logistic Regression

1. Introduction

1.1. Background

Job satisfaction represents the difference between employee's expectations and the reality, employees gain from the job. It is all about the feelings of the worker about the job. Socio-demographic factors, administration policies, the environment of the organization, the nature and the extent of supervision, job security, working conditions,

status, salary level, communication and the relationship with the subordinate staff are some influencing factors on job satisfaction.

In any organization, employees can be defined as internal customers. If employees are satisfied with their job, then external customers are retained and satisfied. Then, any organization will be able to improve the performance and the profitability of the working place with the full commitment of the employee. Therefore, human resources are one of the valuable assets of the organization. This realism is common for banking organizations also.

Banks accept deposits from the surplus unit and lending money to the deficit unit (Khan & Parveen, 2014). Banks play a major role in the financial system in the country and affect growth and the performance of the economy of the entire country. So, for the success of banking, well-trained, satisfied and knowledgeable staff should be in the organization. Therefore, it is very important to assess the worker's job satisfaction which symbolizes the image of the banking organization and the relationship between management and employees. Many of the banking organizations have been identified as the impact of satisfying human resources in achieving the success of the organization. Resulting, they are organizing annual events to improve the teamwork, training sessions for enhancing worker's job-related knowledge, appreciation award ceremonies and stress releasing events, etc. (Anuja & Arulrajah, 2013).

1.1.1. Banking Sector in Sri Lanka

Sri Lanka has a well-differentiated banking system that comprises the Central Bank of Sri Lanka, four state-owned banks, eleven private domestic commercial banks, thirteen foreign banks, two housing banks and three licensed specialized banks (Export.gov, 2019). The central bank of Sri Lanka is authorized to issue detailed regulations to all commercial banks. These banks are providing traditional services such as fixed & savings deposits, loans, investment, and leasing. Further, they developed new products and services including electronic access such as online banking, internet banking, and call centers and so on to perform the transactions easily. They facilitate liquidity in the entire economy. So the banking sector plays a major role in the financial system in Sri Lanka.

1.2. Justification and Objective of the Study

Employees are the backbone of the organization (Sumitha & Padmaja, 2017). Most of the employees are not satisfied with the difference between reality and the expectation of the job. This may lead to job dissatisfaction and turnover of employees. Therefore, it is very important to investigate the factors which are influenced by job satisfaction. With regard to the entry of new banks, competition in the banking sector is increased in Sri Lanka. Therefore, employees have to face many difficulties in performing their duties with the working environment, workload, targets, and tough deadlines. According to the demographic factors, the satisfaction of the employee may diverge. Further, the satisfaction level can be differed according to the private or public sector. In this sense, very few studies have attempted to compare the overall job satisfaction of the government and private bank employees (Weerasinghe, Senavirathna & Dedunu, 2017). Moreover, in Sri Lanka, it couldn't discover any study conducted on exploring and comparing the causes of banker's job satisfaction sector-wise. So, the main objective of this study is to compare the level of job satisfaction of the employees and the influencing factors on job satisfaction with respect to the banking sector. Further, it is going to ascertain the most significant factors affecting job satisfaction in each group. Consequently, banking management could recognize the effect of each cause sector-wise and would be able to provide essential enhancements to upgrade the employee's satisfaction accordingly. It leads to making a win-win working environment for both employee and employer, and uplift the banking sector where the highly satisfied employees comprise.

1.3. Literature Review

Jahufer and Ahamed (2014), survey the job satisfaction of government and private bank employees in Ampara region, Sri Lanka. The independent sample t-test result shows that there is a significant difference between gender and job satisfaction as well as the type of bank and job satisfaction whereas, there is no significant variance between civil status and job satisfaction. The analysis of variance (ANOVA) result indicates that there is no

significant difference between experience, age, ethnicity, educational qualification wise job satisfaction, but there is a significant variance between distances to working place and job satisfaction.

Weerasinghe, Senevirathna and Dedunu (2017) conduct a study on factors affecting job satisfaction of public and private banking employees in Anuradhapura district, Sri Lanka. The independent sample t-test reveals that the level of job satisfaction of public sector banking employees is higher than private-sector employees. Further, multiple regression results implied that statistically significant impacts of work itself, salary, job security and recognition on employee job satisfaction in the banking sector Sri Lanka, however, the possibility of growth and working conditions no longer make a significant influence on employee job satisfaction.

Hoshi (2014) examines employee satisfaction in different banking sectors, including private, public, foreign, and domestic banks in Northern Cyprus and how factors affect employee's job satisfaction. Frequency distribution results show that there is a positive relationship between the job satisfaction of employee and reward, salary, the security of a job, promotional opportunities and good relationship between the co-workers. The results of the study also show that most of the bankers are satisfied with their job.

Ali, Khan, M. Ch and A.Ch (2018) investigate the relationship between job satisfaction and its determinants of various banks in Lahore. The ANOVA results and correlation statistics showed that personal determinants like gender, age, personality, marital status and organizational determinants like salary, promotion opportunities, recognition & rewards, relationship with supervisor & co-workers, fringe benefits, working conditions, work itself and tenure have a significant positive relationship with job satisfaction. Results also implied that salary has the strongest influence on job satisfaction whereas the relationship with associates has the weakest effect on it. Promotion and recognition & rewards appeared as key causes of dissatisfaction.

2. Methodology

A cross-sectional design was used in this study. The self-administrated structured questionnaire was prepared to collect the data and distributed it among private and public sector bankers in Badulla district, Sri Lanka at their branches. When selecting the sample, it was considered all the banking employees in each public and private sector in the study area and the sample size of each sector was determined by proportionate to the population size. Then, a multi-stage random sampling technique was adopted to select 150 banking employees to the sample which comprised of all grades in banks. The first section of the questionnaire consisted of information on demographic factors while the second section contained 40 questions and information was collected about economic factors, social factors organizational factors and overall job satisfaction of employees on a five-point Likert scale. Questions were designed to investigate the independent variables contributing to job satisfaction. Leave rules (X_1), Working hours (X_2), Workload (X_3), Realistic Targets & Deadlines (X_4), Ability of utilizing skills (X_5), Management System (X_6), Empowerment (X_7), Job security (X_8), Recognition and appreciation (X_9), Possibility of growth (X_{10}), Relationship with the staff (X_{11}), Salary (X_{12}), Fringe benefits (X_{13}), Working pressure (X_{14}), Work-life balance (X_{15}) and Working environment (X_{16}) were considered as the independent variables in this study. Data were analyzed using SPSS 22 software. Frequency tables were used to analyze the employee's job satisfaction percentages according to the sector. By using the Chi-square test it was investigated the significant factors which should include in the ordinal logistic regression models. Thereafter, by using those factors as independent variables, two ordinal logistic regression models were fitted for each private and public sector to identify the most significant determinants on job satisfaction according to the sector, since the response factors in each model were five-point scale variables which were described as ordinal variables.

2.1. Hypothesis

The hypothesis of the study can be defined as the following equation.

$$H_A: X_i \text{ has significant impact on job satisfaction of banking employees in } j^{\text{th}} \text{ sector} \quad (1)$$

where $i=1,2,\dots,16$ and $j=\text{private, public}$

2.2. Chi-squared test statistics

For a $I \times J$ contingency table large sample statistic is,

$$\chi^2 = \sum_{i=0}^n \sum_{j=0}^n \frac{(n_{ij} - E_{ij})^2}{E_{ij}} \sim \chi^2_{(I-1)(J-1)} \quad (2)$$

where i and j index the rows and columns of the table (n_{ij} = Observed cell frequency, E_{ij} = Expected cell frequency and N = Total number of observations). Expected cell frequency is calculated as follows.

$$E_{ij} = (\text{Row Total} * \text{Column Total}) / N \quad (3)$$

2.3. Ordinal Logistic Regression Model

In addition to the above, the ordinal logistic regression model was applied for the data and the confirmatory analysis of identifying impact factors on job satisfaction of the banking employee according to the sector was done. The response variable of the ordinal logistic regression model was the overall job satisfaction and predictors were social, economic and organizational determinants which were having a significant association (p -value < 0.05) with job satisfaction.

$$\text{logit}(p) = \ln \left(\frac{p(Y \leq j)}{1 - p(Y \leq j)} \right) = \alpha_j + \beta_1 x_1 + \beta_2 x_2 \dots \dots \beta_n x_n + \epsilon, \quad j = 1, 2, 3, 4 \quad (4)$$

where p is the probability that the outcome of interest observes the j^{th} satisfaction level of the response variable or less, x_i 's are the independent variables, α_j is the intercept parameter of the j^{th} satisfaction level, β_i 's are the coefficients of the independent variables and ϵ is a random error.

3. Results

The internal reliability of the data set was measured using Cronbach's alpha. The overall Cronbach's alpha of the test was 0.935 and all alpha values of respective variables also were greater than 0.7 which indicates the expectations reliability of the data set.

The frequency statistics were used to obtain the background descriptive analysis of the dataset. The sample consists of 150 banking employees in Badulla district and out of them, 73 (48.7%) belong to the private sector while 77 (51.3%) belong to the public sector. Out of all respondents, there were 70 (46.7%) female employees and 80 (53.3%) were males. According to the grade of the job analysis, there were 18 banking managers, 30 banking executives, 69 banking assistants and 33 clerical staff in the sample. The age analysis indicated that the majority of bankers belong to the age category of 18-29 (78, 52.0%). Only 4 (2.7%) employees were above the age of 50 and rest were between 30-39 (53, 35.3%) and 40-49 (15, 10.0%) age categories. The sample included 9 postgraduates, 30 graduates, 32 diploma holders, 74 General Certificate Examination (GCE) Advanced Level qualifiers and 5 GCE Ordinary Level qualifiers.

Table 1. Frequency statistics of independent 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)
Overall Job Satisfaction	45 (58.5)	-	36 (49.4)	-
Leave rules	52 (67.6)	0.000	47 (64.4)	0.710

Working hours	40 (52.0)	0.000	46 (63.0)	0.000
Work load	47 (61.1)	0.000	51 (69.9)	0.259
Realistic Targets & Deadlines	37 (48.1)	0.000	38 (52.1)	0.004
Ability of utilizing skills	53 (68.8)	0.000	44 (60.3)	0.001
Management Systems	57 (74.0)	0.000	47 (64.4)	0.001
Empowerment	47 (61.1)	0.000	35 (47.9)	0.073
Job security	44 (57.2)	0.001	46 (63.0)	0.018
Recognition and appreciation	40 (52.0)	0.000	41 (56.1)	0.000
Possibility of growth	11 (14.3)	0.004	38 (52.0)	0.001
Relationship with the staff	53 (68.8)	0.000	52 (71.2)	0.001
Salary	48 (64.4)	0.005	47 (64.4)	0.004
Fringe benefits	54 (70.1)	0.001	33 (45.2)	0.009
Working pressure	20 (26.0)	0.243	22 (30.2)	0.060
Work life balance	39 (50.7)	0.006	34 (46.5)	0.000
Working environment	58 (75.3)	0.044	46 (63.0)	0.003

According to Table 1, public sector bank employees who are satisfied with the job were greater than the private sector bank employees. The majority of the public employees were satisfied with the working environment whereas they were highly dissatisfied with the possibility of the growth inside the organization. High satisfaction rates were recorded about the management system, fringe benefits given by the employer, leave rules and relationship with the staff in government banks. However, the minority of the employees (<50.0%) in public banks were satisfied with the working pressure and the realistic approach to targets and deadlines. In private sector banks, majority of the respondents were satisfied with the relationship with the staff and workload whereas the lowest satisfaction rate was recorded for working pressure. Less than half of the private bankers were satisfied with fringe benefits, work-life balance, and empowerment. There is a measurable job satisfaction rate difference between empowerment, the possibility of growth and fringe benefits sector-wise. The employee's satisfaction on the empowerment of the organization was higher in public sector than private sector while nearly half of the private sector bankers expressed that there is a possibility of growth inside the workplace and that percentage is lower in the public sector. The public bank employees, who are satisfying with the fringe benefits, were higher than private bank employees.

Table 2. Results of Ordinal logistic regression model significant coefficients

Variable	Coefficient	p-value	Relative Risk Ratio
Public sector			
Empowerment	1.415	0.012	4.116
Job security	0.939	0.068	2.557
Recognition and appreciation	0.709	0.046	2.032
Relationship with the staff	0.902	0.049	2.465
Work-life balance	0.702	0.021	2.018
Private sector			
The ability to utilize skills	1.560	0.005	4.759
Possibility of growth	1.372	0.038	3.943
Salary	0.990	0.043	2.691
Work- life balance	1.890	0.000	6.619
Working environment	1.422	0.041	4.145

Table 2, consists of the significant model coefficients in the ordinal logistic regression model which were fitted according to the sector. There were positive significant effects from empowerment, job security, recognition and appreciation, relationship with the staff and work-life balance on public bank employee's job satisfaction. The most significant causative factor is the empowerment of employees and when there is an advance in the empowerment of the employee; a person is 4.116 times more likely to be satisfied with the job. However, in the private sector other than the work-life balance, all other significant causes were varied in the second model. Ability to utilize skills, the possibility of growth, salary, work-life balance and working environment were positively affected by job satisfaction. In private sector, the dominant significant impact factor was work-life balance and the employee is 6.619 times more likely to be at a satisfying level when there is an increase in the work-life balance. It implies that the impact factors on job satisfaction in the banking industry vary with the sector since two ordinal regression models comprised of different factors while the work-life balance was the only variable in both models.

4. Discussion

The analysis of frequency comparison implies that there is a difference between overall job satisfaction among public and private bankers. The satisfaction level was higher in public bank employees than private-sector employees, and this was evidenced in the study done by the Weerasinghe et al. (2017) in Sri Lanka.

Fitted ordinal logistic regression models, were confirmed that the significant impact factors were differed across the sector, although the work-life balance was in both models. It implies that the relevant authorities should be considered about these various factors along with the banking sector.

Regardless of the sector, responsible parties should enhance the empowerment of employees to make them work happily in the organization. In public banks, management needs to organize activities to advance the relationship with the staff. Then employees would be sharing their experience & knowledge with them and easily achieve their tasks well with a satisfactory mind about the job. Further, they should provide methods to propagate the banking job in the society and appreciate their achievements and hard work not only annually but also at the right time such as the methods; by organizing the award ceremonies. In the government bank, job security is high, since the government is the dividend party. Therefore, the majority of the employee is highly satisfied with job security and there is a positive significant effect on job satisfaction from it. These relationships were supported by the study which concluded that the job satisfaction level rises with higher job security and work recognition by the society, conducted by Tanjeen (2013).

In private banks, relevant authorities are requested to take action on advancing the employee's ability to utilizing skills by assigning challenging tasks according to their skills. This was proven by the literature done by Sinha & Shukla (2013). Further, they should generate a platform for their employees to attain career growth. Then workers contribute their hard work to gain profit for the organization with the satisfaction of their job. Lack of proper workspaces, quality of the air and temperature, lighting and unfavorable conditions of the office environment can consider as the negative causes of job satisfaction (Abeywardana & Wickramasinghe, 2008). Therefore, a responsible party in the private banks needs to enhance the quality of the working environment and increase the employee's satisfaction, since it was identified that the working environment as one of the significant factors in the ordinal logistic regression model. Sinha (1958) studied that inadequate salary as one of the important factors that cause job dissatisfaction among employees. According to the analysis, the salary was investigated as one of the significant causes of job satisfaction of private banking employees. Therefore management should maintain policies to increase the salary in a competitive base with the performance of the employee

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