Dimensions of Job Satisfaction among Employees of Banking Industry in Nepal

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ABSTRACT

Objective:
The purpose of the study was to find out the impact of employee empowerment, team work, bank facilities, training, performance appraisal and quality performance upon job satisfaction of employees that how would these factors affect employees’ job satisfaction in banking sector of Nepal.

Methodology:
Data was collected through questionnaire and the questionnaire was distributed among 200 employees of twenty eight commercial banks. Random sampling technique was applied in this procedure. Correlation coefficient and regression were used to analyze and interpret the data.

Results and Conclusion:
Regression analysis showed that employee empowerment, team work, and bank facilities affect positively whereas training, performance appraisal and quality performance affect adversely on the job satisfaction level of employees. There exists a positive relation overall and boost job satisfaction, which would in turn enhance the productivity of the organization.

Article type: Research Paper

Key words: Bank employees; job satisfaction; banking services; Nepal.

INTRODUCTION

Job satisfaction is the discrepancy among people's expectations and wants related to the job, and what is really offered to them. 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 to 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 be defined as the extent to which employees like their jobs. Studies discuss the various aspects of the employee’s job satisfaction such as job, salary levels, promotion opportunities, and relationship with co-worker. Hoppock (1935) first proposed the concept of employee satisfaction and identified the individual response or happiness of employees with objective and emotional facet of their work environment.

Employee satisfaction, also called job satisfaction. 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. Job satisfaction is the sensation and perception of the employee about the 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).

The results of different 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). Wright and Davis (2003) explored that job satisfaction

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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).

OBJECTIVE OF THE STUDY

The main objective of this study is to determine the factors which influence the satisfaction of employees of commercial banks of Nepal. The following are the specific objectives:

1. To identify the factors affecting the job satisfaction of employees of banking industry in Nepal
2. To analyze the impact of employee empowerment, team work, bank facilities, training, performance appraisal and quality performance upon job satisfaction of employees of banking industry.

REVIEW OF LITERATURE

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 highlighted 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.

Locke (1976), explained that 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. 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.

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

RESEARCH FRAMEWORK
There are various determinants of job satisfaction. Among them, only six independent variables were used to evaluate the impact of independent variables on job satisfaction. To carry out research successfully, the following research framework has been designed:

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Dependent variable</th>
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<tr>
<td>Employee empowerment, Team work, Bank facilities, Training; Performance appraisal Quality performance</td>
<td>Job satisfaction</td>
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</table>

RESEARCH DESIGN
Population & Sample size
Population includes employees of all the branches of 28 commercial banks of Nepal established at the end of July, 2018. All together, there are 20,238 employees working in these banks. Out of that 200 employees were selected for analysis. In this study, random sampling technique is used to select samples.

Data Collection Methodology
The instrument used for data collection was questionnaire on 5-point likert scale from strongly agree to strongly disagree, where point-1 indicate strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree, developed by Abdulla et al., (2011), Hansia (2009) and Calisir (2011). However, little modifications were made in the questionnaire. 360 questionnaires were personally administered among the respondents but received only 200 questionnaires which indicate the 56% response of the respondents.

Linear Regression Equation
To determine the determinants of job satisfaction among employee of banking industry in Nepal, 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 equation for multiple regression models is:

\[
\text{Sat}_E = \beta_0 + \beta_1 \text{Ee} + \beta_2 \text{Tw} + \beta_3 \text{Bf} + \beta_4 \text{T} + \beta_5 \text{Pa} + \beta_6 \text{Qp} + \ldots + \text{et}
\]

Where,
- \(\text{Sat}_E\) – Job Satisfaction of Employee
- \(\text{Ee}\) = Employee empowerment
- \(\text{Tw}\) = Team work
- \(\text{Bf}\) = Bank facilities
- \(\text{T}\) = Training
- \(\text{Pa}\) = Performance appraisal
- \(\text{Qp}\) = Quality performance
- \(\text{et}\) = error term
DATA ANALYSIS AND FINDINGS

To meet up with the objectives of study, 200 employees were selected as sample unit. The questionnaires were thus filled by 200 respondents which were structured with questions of economic and demographic profiles such as gender, age, qualification, experience, position, bank type, satisfaction level and dimension which play an important role in providing satisfaction to the employees. To carry out the study in a more accurate manner, convenience random sampling method was selected. Tabular description, mean scores, and multiple regression models were used as tools for statistical analysis and to present the interpretations.

The economic and demographic profiles of respondents

The first part of this questionnaire was designed to collect personal information of respondents such as their gender, age, academic qualification, position, and experience and bank type of employees. The economic and demographic profiles of the employees of commercial banks is residing in (Table.1)

<table>
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<tr>
<td>Male</td>
<td>124</td>
<td>Below 30</td>
<td>65 Up to +2</td>
<td>22 Assistant</td>
<td>136 Below 5</td>
<td>116 Public</td>
</tr>
<tr>
<td>Female</td>
<td>76</td>
<td>30-45</td>
<td>120 Bachelor</td>
<td>114 Manager</td>
<td>64 5 to 10</td>
<td>46 Joint vent. 42</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>Above 45</td>
<td>15 Above bachelor</td>
<td>64 Total</td>
<td>200 Above 10</td>
<td>38 Private 64</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>Total 200</td>
<td>Total 200</td>
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Source: Survey of Employees’ Responses of the Commercial Banks, 2018

The investigation shows that 62% of the respondents are male and 38% are female. Among these, 32.50% respondents are from age group below 30 years, 60% are from age group 30 – 45 years, and 7.5% are from age group above 45 years. In terms of academic qualification, only 11% have completed up to Plus Two level, 57% are graduates, and the remaining 32% respondents are post graduates.

All of the respondent employees are grouped into two levels. Among them, 68% employees are in assistant level and remaining 32 % are in managerial level. On the division based on experience, about 58% of the respondents have less than 5 years of experience, 23% have 5 to 10 years of experience and only 19% of the respondents have more than 10 years of experience. During analysis, it has been noted that most of the employees have short experience in their job. They are working in public, joint venture and private commercial banks. 47% employees were selected from public banks, 21% from joint venture banks and remaining 32% employees were selected from private commercial banks.

Dimensions of job satisfaction

From the long period of time, many studies have attempted to categorize and find out the factors that affect employee satisfaction (Abdullah et al., 2011) and found wages as the main factor for employee satisfaction, but other factors such as the employee empowerment, team work, bank facilities, training; performance appraisal and quality performance also considered. By applying multiple regression models, the following results were obtained:

Table 2: Regression Equation of Job Satisfaction on Bank Services

<table>
<thead>
<tr>
<th>Sat_E</th>
<th>β₀ +β₁Ee +β₂Tw +β₃Bf +β₄T +β₅Pa +β₆Qp +…+et</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β₀ =3.9 +0.15Ee +0.36Tw +0.12Bf -0.08T -0.18Pa -0.10Qp</td>
</tr>
<tr>
<td>S.E.</td>
<td>(0.35) (0.05) (0.21) (0.08) (0.03) (0.11) (0.04)</td>
</tr>
<tr>
<td>T</td>
<td>(10.99) (2.86) (-5.57) (2.41) (-4.73) (4.13) (-7.30)</td>
</tr>
<tr>
<td>R²=0.39</td>
<td>F=26.55</td>
</tr>
<tr>
<td>No. of obs=200</td>
<td>d.f.=5, 194</td>
</tr>
</tbody>
</table>

Note: * significant at 0.01 levels  
** significant at 0.05 levels  
*** significant at 0.1 levels
Where,
Sat_E – Job Satisfaction of Employee
Ee = Employee empowerment  Tw = Team work  Bf = Bank facilities  T = Training
Pa = Performance appraisal  Qp = Quality performance

Above table describes regression results from multiple regression models. As it is noted, the explanatory power of the model in this study is reasonably high given by the $R^2$ at 0.39 for the satisfaction of employee model. The F statistic of this model is statistically significant at 1 percent. It is hypothesized that the signs of all predictors would be positive in this model. Here signs of T, Pa and Qp showed a negative impact on employee satisfaction which is just the opposite as per priori. Remaining predictors Ee, Tw and Bf showed positive signs as per expectation. Here Ee associated with a partial regression coefficient of 0.15 and signifies that for every additional percent on the Ee, it is predicted a gain of 0.15 percent on the job satisfaction if the effects of other controllable variables kept constant. Similarly, Pa is associated with a partial regression coefficient of -0.18 and signifies that for every additional percentage on the Pa, it is predicted a decrement of 0.18 percent on the job satisfaction of employees if other variables kept constant.

CONCLUSION

The purpose of this study was to identify the determinants of job satisfaction and examine its impact on employees of the banking industry in Nepal. The results conclude that all the variables employee empowerment, team work, bank facilities, training; performance appraisal and quality performance have significant association with employees’ job satisfaction. Among six variables, employee empowerment, team work, bank facilities have positive impact on job satisfaction whereas training, performance appraisal and quality performance have negative impact on job satisfaction of bank employees.

In light of these findings, banking industries might want to construct a more comprehensive employee career development program that not only helps in improving employee satisfaction, but also heighten a sense of loyalty in them. Factors such as employee empowerment, team work, and bank facilities variables which seem to positively correlate suitably to employee satisfaction and loyalty whereas training, performance appraisal and quality performance had adverse effect on job satisfaction.

Performance appraisal plays a role to increase the employee satisfaction in this study. Jawahar (2006), argued that performance appraisal as an important element of satisfaction because it is positively related to job satisfaction, organizational commitment and negatively related to turnover intentions.

The findings of this study could be used by managers in commercial banks in developing their staff training program in order to create satisfied and loyal workers. Commercial banks should be mindful of satisfaction variables such as: recognition and rewards, teamwork and cooperation, working conditions, and relationship with supervisor. The training programs should make the employees confident that the company is transparent and sincere about the satisfaction variables such as mentioned in the preceding sentence. However, a future extended study that evaluates a wider scope of employee satisfaction and loyalty dimensions in the banking industry should be conducted using a sample.

REFERENCES

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