

A Study of Job Satisfaction and IT's Impact on the Performance in the Banking Industry of Pakistan

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Abstract

This study explained the nature of relationship between job satisfaction and job performance of the middle level employees in the banking sector of Pakistan. Pakistan economy was facing economy crises last 30 years and banking sector was showing instability since 2005. This study helps the measure the job performance effectiveness by the job satisfaction so banks can improve their performance by satisfying their employees. For the measurement of the job satisfaction and job performance, two models were considering to analysis the nature of relationship between them. Demographic factors such as age, gender, salary and expenses were use to show the background of the respondents. Analysis of these factors showed that employees in early stages of careers are more satisfied then older employees and they performed also better than those employees. From the findings of this research we concluded there is a positive relationship between job satisfaction and job performance.

Keywords: Job satisfaction, Job performance, Herzberg's two-factor theory, Role-Based Performance Scale.

Introduction

This study is about the impact of job satisfaction on job performance of middle level employees in the banking sector of Pakistan. Job satisfaction is an important factor about employee's performance and the predictors of work behavior. The benefits of job satisfaction for an organization are to reduce complaints and grievance regarding workers, better turnover and absenteeism and reducing cost of training as termination of employees and also improved punctuality and work morale of the workers.

Motivating is a strong factor of satisfy worker. Motivating factors include responsibilities, promotion and personal development. In the working environment, motivating factors play an important role to satisfying worker whiles the absence of the motivation resulting dissatisfying worker. Lack of skilled person is result the selection of less qualified person for the job. It also affects the worker mind towards negatively (Mark A. Tietjen, 1998) . Age factor is also impact on job satisfaction. It is proving by a study that by passing a time in job, the satisfaction level of the worker increasing. It is also found a strong relationship between age and satisfaction. On the other hand we also can say that by passing a time in job the basic needs of a worker are decreasing so worker does not want to pay any more attention for satisfaction (Clark A., 1996). Another research shows that sex is also an effective factor of job satisfaction. It is found that male worker is less satisfied than the female worker. The reason is that male worker wants personal development and more decision power than the female worker. In most of the societies, there are fewer opportunities for females so that they may be more satisfied to attain these few opportunities (Keith A. Bender, 2005). Few of researchers do not believe that increased in job satisfaction can improve the performance of the worker. Sometime more satisfaction can decrease the performance of worker. For example if a worker sit around all the day and do nothing then he is more satisfied in short run but it effect the performance of worker as well as organization so better way to satisfaction only can improve performance.

Workers also compare their working conditions with society conditions. If working conditions is better than the society conditions than worker feels more comfort in the working environment and it also result of job satisfaction.

The Banking sector of Pakistan is playing pivotal role in the growth of country's economy. Today, almost 80 percent of the banking assets are held by the private sector banks Pakistan has been ranked 34 out of 52 countries in the World Economic Forum's first Financial Development Report. From the last 5 years of the Pakistan's banks, many banks were showing negative profit, state bank of Pakistan reported that one the main reason for this is the behavior of the employees towards job. This study determine the relationship between job satisfaction and job performance as it is a cause of negative profit of banking sector also banks can make strategies to perform better by satisfied their employees.

Literature Review

Herzberg (1959) studied on accountants and engineers and opposed the concept of a single continuum between the satisfaction and dissatisfaction. He contended that job satisfiers were those aspects of work which were intrinsic to the employee and tended to promote feelings of happiness in the worker. The dissatisfied were those aspects of work which were extrinsic and focused on the environment of the work. He further concluded that there probably were two continua present, one including those factors that caused satisfaction or lack of satisfaction, and a second which included factors that caused dissatisfaction or a condition of no dissatisfaction (**Herzberg F. M. B., 1959**). Uncertain results come out when we analyses of job satisfaction of the public versus private sector. Diaz-Serrano & Cabral Vieira fined that public sector workers are more satisfied than private sector worker (**Diaz-Serrano, 2005**). The opposite case, public employees are more satisfied with job security, while private employees finding this type of job (**Ghinetti P, 2007**). Herzberg explained that job attitudes are a powerful force and are functionally related to the productivity, stability, and adjustment of the industrial working force. Also, the positive effects of high attitudes are more potent than the negative effects of low attitudes (**Herzberg F., 1957**). We use Herzberg (1957) model of two factor theory. But in past, some model also introduced to measure the job satisfaction. Yang (2003) presented the model of job satisfaction. He conducted a survey on these dimensions and the results for each quality attribute are placed in the model and then improvement strategies are considered based on the position of each item.

Job performance is the most important studied in the organizational behavior and human resource management. But most of the measurements of performance ignore the dimensions of working conditions and behavior and they considered the traditionally job descriptions. And it is not surprising because all these measurements follow the formal job analysis (**Bernardin H. J., 1995**). Like some researchers introduced the idea of organization citizen ship behavior (OCB). It shows the intentional employee's actions that are not required but need of employers. So they suggested that employee's performance is two dimensional, one work is that which is by the organization and other is optional work by employees (**Van Dyne L., 1998**). Welbourne, 1997 implemented this model on six different companied to know the acceptance and rejection of these hypotheses. These hypotheses were The five roles assessed in the RBPS (job holder, organization member, career, innovator, and team member) measure components of behavior that, while related to each other, are unique, and hypothesis 2: The five roles suggested in the RBPS measure components of behavior above and beyond what is assessed in a company's traditional performance appraisal instruments (**Welbourne, 1997, pp. 9-10**). For the reliability of this model Wellbourne calculated the value of alpha in different companies. By calculation, it has been found that all companies have average value of alpha within range of 0.75 to 0.90, which means this model shows the strong internally consistency (**Welbourne, 1997, p. 14**).

The study of relationship of job satisfaction and job performance always has a contentious history. In 1930's, some researchers were emphasized on their relationship and they were studied seriously at the notion that a happy worker is a productive worker. At that time it showed a weak and somehow a negative relationship between them but in 1985's, it was proved that there is a correlation between job performance and job satisfaction and the value of correlation was about 0.17 (**Iaffaldano M. R., 1985**). Another study also confirmed that in private sector, there is strong positive relationship between job satisfaction and communication with boss that share information (**Wheless V., 1983**).

Even in mid 1970's researchers reported that a consistently clear and positive pattern of relationships between an employee's perceptions of communications and his or her job satisfaction (**King W., 1988**). Another study shows the correlation between job satisfaction and job performance is positive and significant. It is hard for complex jobs, but generally moderate (0.30) (**Judge T., 2001**). This result is encouraging, but it still falls short of the theoretical expectations, so that the debate has been re-opened. Opposite picture we also found in history that both job satisfaction and job performance has negative impact on each other. Working timing may get the more work from employees and their performance may be going better but their job satisfaction level must be decreasing. However, negative correlation between working hours and job satisfaction also find (**Clark A., 1996**). And also workers are dissatisfied with their working hours (**Skalli A., 2007**). For the existence of relationship between job satisfaction and employee performance, it is important what type of factor are included. Study previously proved that both have positive impact on each other in any situational context, so high job satisfaction impact positive on climate of job performance (**Bowen D. E., 2004**)(**Wright P. M., 2001**)(**Wright P. M. G. T., 2005**). A literature suggested that there is a strong link between job performance and communication with boss but due to various methodologies and definition, this result often giving mixed data (**Pincus D., 1986**).

Theoretical Framework of the Variables

For the measurement and study of job satisfaction, we use "Herzberg's two-factor theory (1959)". By this theory job satisfaction has two dimensions. So following are the dimensions and elements of job satisfaction.

Leading to satisfaction: Motivation Factors

1. Achievement
2. Recognition
3. Work itself
4. Advancement
5. Growth

Leading to dissatisfaction: Hygiene factors

1. Company policy
2. Relationship with boss
3. Working conditions
4. Relationship with peers
5. Money
6. Work Security

For the measurement of job performance, we use "Role-Based Performance Scale" by Theresa M. Welbourne (1997). By this theory job performance has five dimensions. So following are the dimensions and elements of job performance.

Job

1. Quantity of work output
2. Quality of work output
3. Accuracy of work
4. Customer service provided

Career

1. Making progress in his/her career
2. Developing skills needed for his/her future career.
3. Obtaining personal career goals
4. Seeking out career opportunities

Innovator

1. Coming up with new ideas
2. Working to implement new ideas
3. Finding improved ways to do things
4. Creating better processes and routines

Team

1. Working as part of a team or work group
2. Seeking information from others in his/her work group
3. Making sure his/her work group succeeds
4. Responding to the needs of others in his/her work group

Organization

1. Doing things that helps others when it's not part of his/her job
2. Working for the overall good of the company
3. Doing things to promote the company
4. Helping so that the company is a good place to be

Research Methodology

- Questionnaire was used as an instrument to collect data. In the questionnaire there were 45 questions that were asked from respondents. Questionnaire was divided into three parts. First portion consist 9 questions related to demographical data. Question number 1 to 15 was related to job satisfaction and Question number 16 to 36 was related to job performance.
- Likert scale was used.
- Data was collected while following the non probability sampling technique i.e. convenience basis. The advantage of this sampling are that it is much less costly, quicker and analysis will become easier. Data was collected by going banks and fill questionnaire by convenience basis.
- After collection of data, all data was entering in SPSS version19 and made them easy for analysis by 95% confident level.
- The population was middle level managers in all the banks of Lahore while Data was collecting from 19 banks of Lahore by their 32 branches. Questionnaire was filled by 335 respondents that work in middle level of banking sector.
- The main hypothesis of our study was to measure the nature of the relationship between job satisfaction and job performance.

Analysis and Result**Reliability Analysis****Table #1 Reliability Analysis**

	Cronbach's Alpha
Exogenous variable reliability (job satisfaction)	0.829
Endogenous variable reliability (job performance)	0.848
Reliability statistics of job satisfaction and job performance	0.853

Cronbach's Alpha for job satisfaction's elements were 0.829 which was high and indicates strong internal consistency among the elements of job satisfaction. Alpha for job performance's elements were 0.848 (Alpha of 0.70 is generally considered to be a "good" reliability value, rule of thumb), which was high and indicates strong internal consistency among the elements of job performance. Overall alpha was 0.853, which was high and indicates strong internal consistency among the variables of job satisfaction and role based performance.

Kolmogrov Smirnov

For check the normality of the demographics factor, we had applied the KOLMOGROV SMIRNOV test on all the demographical variables with the following hypotheses

H₁: There is a difference between distribution of factor data set and normal one.

H₀: There is no difference between distribution of factor data set and normal one.

Table #2 Kolmogrov Smirnov Test

Test Variable	Asymp. Sig. (2-tailed)	Test Variable	Asymp. Sig. (2-tailed)
Gender	.000	Total Experience	.000
Age	.000	Designation in Bank	.000
Marital Status	.000	Monthly Expenses	.000
Monthly Salary	.000	Family Dependents	.000
Duration of Current Job	.000		

After the implementation of Kolmogrov Smirnov test on all the demographical variables, it was concluded that all demographical variables had different from normality set of data. By testing all demographical variables, we accepted H_1 and rejected H_0 .

Mann Whitney Test

Table #3 Mann Whitney Test

	PERFORMANCE DEPENDENT VARIABLE	JOB SATISFACTION INDEPENDENT VARIABLE
Asymp. Sig. (2-tailed)	.003	.915
Male Mean Rank	180.19	168.44
Female Mean Rank	147.52	167.26

We applied Mann whitney test on all dimensions and elements of job satisfaction and job performance. Also we had applied Mann Whitney test on overall job satisfaction with gender as a grouping variable. We observed that sigma value was 0.915. It means $p > 0.05$ so it shows that there was no difference in the perspective of male and female about the job satisfaction. We applied Mann Whitney test on overall role based performance. We observed that sigma value was 0.003. It means $p < 0.05$ so there was a difference in the perspective of male and female about overall role based performance. And the value of mean of male was 180.19 which were greater than the value of mean of female 147.52. So male’s population believes that their performance was better than female’s population.

Correlation Analysis

Table #4 Correlation Analysis

		Job Satisfaction	Performance
Job Satisfaction	Pearson Correlation	1	.557
	Sig. (2-tailed)		.000
Performance	Pearson Correlation	.557	1
	Sig. (2-tailed)		.000

We applied correction test on each dimension and elements of job satisfaction and job performance and got the value of sigma which decided the correlation between the two factors.

According to table, $p < 0.05$ so there was a relationship between the job satisfaction and the performance and Pearson Correlation defines the degree of correlation between the job satisfaction and the performance that both were 55.7% correlated.

Descriptive Statistics

Table #5 Descriptive Statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
Performance dependent variable	4.1370	.38771	335
Job satisfaction Independent Variable	4.0918	.44674	335

The mean value of both variables was nearly close to each other. By the standard deviation, we found that the maximum value of performance was 4.91 $\{4.13 + (2 \times .387)\}$ and minimum value was 3.36 $\{4.13 - (2 \times .387)\}$. this means that performance variable value was fall between 4.91 to 3.36. The maximum value of job satisfaction was 4.98 $\{4.09 + (2 \times .446)\}$ and minimum value was 3.20 $\{4.13 - (2 \times .446)\}$. this means that job satisfaction variable value was fall between 4.98 to 3.20.

Regression Analysis

Table #5 Regression Analysis

Model	Mean Square	F	Sig.
1 Regression	15.583	149.870	.000

Table# 5 indicates the statistical significance of regression model. Here $P < 0.05$ which means overall model applied is significantly good enough in predicting the outcome variable performance. $F(1, 333) = 15.583$, $P = 0.000 < 0.05$ Our model was significant

Table #6 Coefficients

	Unstandardized Beta	Coefficients	Sig.
(Constant)	2.159		.000
Job Satisfaction	.484		.000

The value of $p < 0.05$ so its means we should reject H_0 and accept H_1 , which means impact of job satisfaction is positively related to work performance so our model was significantly good to predict the value. Coefficient table provides the information about the prediction value (Performance) from predictor (Job satisfaction). From the above table the Ordinary Least Squares (OLS) equation will be

$$\text{Performance} = 2.159 + 0.484 (\text{Job Satisfaction})$$

Conclusion

There was two purpose of this study. First, it was to examine the relationship between job satisfaction and job performance to estimate the relationship existence of job satisfaction and job performance. This was accomplished, and results showed that the satisfaction-performance relationship was positive through regression analysis. The second purpose of the investigation was to examine the reliability of theoretical models that were used for the study. And the result shown that the models which were used for the study was fit and significant. Also it was seen that it was necessary that satisfied worker is always a productive worker for an organization. Incentives, motivations, extra benefit and monitory rewards increased the performance level of the employee.

By given the above review and the consistency of the result across study, we believed that researchers should reconsider the relationship between job satisfaction and job performance. In light of our result we believed that researchers who produced the positive magnitude about the relationship between job satisfaction and job performance were giving a new way to study the organizational behavior.

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