

The Impact of Promotions, Recognition, Autonomy and Pay Incentives on job satisfaction: A case of banking sector employees in Pakistan

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Abstract:

This study is an attempt to better describe the factors which can effect job satisfaction in Pakistani banking sector's employees. The current study measures the impact of various factors i.e. autonomy, promotion opportunities, recognition and appreciation, pay incentive on job satisfaction by using a sample of 300 Bank employees. Results indicated that all the predictors including autonomy, recognition and appreciation, promotion opportunities, and pay incentives turned out to be significantly influencing employees' job satisfaction and tend to enhance it.

Key Words: Job satisfaction, Banking sector, Autonomy, Promotion Opportunities, Recognition & Appreciation, Pay Incentive

1. Introduction

In recent years, most of the banks are facing difficulty to retain their talented employees because of low job satisfaction. Job satisfaction brings a pleasurable emotional state that often leads to a positive work attitude. Locke (1976) defines job satisfaction as the positive emotional state resulting from the appraisal of one's job and job experiences. A satisfied employee tends to be more creative, flexible, innovative, loyal and fully devoted to his work ultimately showing commitment with the job and thus, with the organization. Weiss (2002) has argued that job satisfaction is an attitude towards one's job and a satisfied employee is always pleased with work. According to Beer (1964) job satisfaction is the attitude of the workers towards a company, their job, fellow workers and other psychological objects in the work environment. However, Stogdill (1959) stated that the survival of the workgroup or organization may be dependent on the achievement of an optimum level of job satisfaction. Therefore, job satisfaction is one of the leading factors of employee's retention within organizations as stated by Mobley, Griffeth, Hand and Meglino (1979) characteristics of the organization, the individual and the environment shape an individual's perceptions and satisfaction leading to the formation of intentions to stay or quit the organization. Job satisfaction resulting in employee's retention is of two types: intrinsic and extrinsic job satisfaction. According to Weiss et al, (1967) intrinsic satisfaction can be the result of work itself and accomplishments regarding job, and task identity whereas, extrinsic satisfaction can be the result of rewards which can take the form of recognition, compensation and advancement.

There are several factors that influence the employee's job satisfaction these includes communication, basic pay (Salary), recognition and appreciation, promises kept and broken, rewards and compensation, autonomy, empowerment, work environment, organizational fairness, fun at work and growth opportunities etc. There is a need to provide such a work environment that tends to engage the employees heart and soul to work, to facilitates an individual to feel passionate about his/her work, to have a sense of satisfaction with his/her work. The aim of the study is to provide such an environment within organizations that will help to enhance the employee's job satisfaction and that will ultimately help to increase the performance of bank employees. The study will be quite beneficial in determining the major cause of employee job satisfaction by investigating the relationship between the employee's job satisfaction and several factors that the employees experience within the workplace. These factors include: growth opportunities (promotion), power in terms of autonomy, recognition and appreciation and pay

incentives. In this way, the study will measure the impact of above mentioned factors on job satisfaction.

2. Literature Review

Since, job satisfaction is considered as a major factor in establishing the outcome of the employees. It has been observed that variables lead to the higher level of employees' job satisfaction within organization. This model differ from earlier models in a way that Price (1977) proposed that interaction b/w job satisfaction and job opportunities is the immediate antecedent of an employee leaving an organization. Price (1977) also theorized that the contextual variables of pay, integration, communication are the primary determinants of job satisfaction. However, even the success experiences on the job leads towards job satisfaction (Uma Sekaran, 1989) or positive attitude of the Employee, towards fellow workers, job and the organization which, ultimately leads to job satisfaction (Beer, 1964). Stogdill (1959) stated that the survival of the workgroup or organization may be dependent on the achievement of an optimum level of job satisfaction. The significance of his study lies in its demonstration that continuous production and perhaps work specialization are responsible for lower job satisfaction. Then, it has been found that there is a relationship between the size of the workgroups and the level of employee satisfaction with the group incentive plan. He also found that the knowledge about the relation of their individual effort to incentive pay (knowledge of results) was responsible for the degree of employee satisfaction with the plan (Campbell 1963). The organization may be able to improve the employee pay satisfaction by directly giving pay to performance and making pay information public (Lawlers, 1992). Pay satisfaction is one of the basic components to understand the phenomenon like job satisfaction, motivation, organization commitment, group cohesiveness and social comparison. The employee is satisfied with his pay only when he thinks he is fairly rewarded against his efforts to do the job otherwise he is highly dissatisfied with his pay (Shapiro and Wahba, 1978).

Job satisfaction is one of the determinants of employee's willingness to stay within organization as it has been stated that characteristics of the organization, the individual and the environment shape an individuals perceptions and satisfaction leading to the formation of intentions to stay or quit the organization. The turnover decision, even if the choice is to stay, may result in changes in employee's job satisfaction and influence subsequent performance (Mobley et al, 1979). Therefore, for the survival and growth, it is necessary that the organization must fulfill or in other words satisfy all the needs and demands of its employees first then relevant members in the society with which it transacts (like : Community, Government, customers, suppliers and creditors). A primary focus has been upon the internal dynamics of organization that is enhancing the worth of the employees by fulfilling their needs and hence, providing them the job satisfaction by looking after their motivation, health, and cohesiveness etc that leads ultimately to employee retention within organization (Frank et al, 1968). The employee shows great job satisfaction if he or she gets promoted on fair basis. The opportunities of promotion within the organization can have different effects on job satisfaction because of its various forms and diverse rewards i.e. promotions can be seniority based or performance based, to some extent both types lead to job satisfaction (Futrell, 1978).

The pay incentive is considered as one of the significant job satisfaction factors. Since, money not only helps people to satisfy their basic needs, it also provides them with comforts. Moreover increase in pay is often taken by employees as recognition of employees efforts by the organization. Therefore, an employee feel highly satisfied showing a greater level of job satisfaction if salary increase is according to one's performance (La Motta, 1995). More autonomy is related to greater job satisfaction. Employee's ability to make important decisions regarding day to day issues leads to job satisfaction. Therefore, the more independent the employees are in taking their working decisions, the more satisfied they will be with their job (Naumann, 1993). Employees at all levels of the organization want to be recognized for their achievements on the job. They want to have a sincere praise and acknowledgement as a reward of their good job. This will help to keep an employee fully involved in his/her work leading to employee's job satisfaction (Flynn, 1998). Therefore following hypotheses are developed and these relationships are reflected in Figure 1.

H1: Promotions opportunities are positively and significantly influencing the employee's Job Satisfaction.

H2: Pay Incentives are positively and significantly influencing the employee's Job Satisfaction.

H3: Autonomy (Power) is positively and significantly influencing the employee's Job Satisfaction.

H4: Recognition and Appreciation is positively and significantly influencing the employee's Job Satisfaction.

3. Methodology

Since the research paper attempts to measure the impact of job satisfaction on employee's job satisfaction in the banking sector, the following research methodology was adopted.

3.1 Population and Sample

The population for the current study was consisted of middle level managers of the banks of twin city. 300 questionnaires were delivered to all of the branches of different banks within the twin city. The questionnaires were delivered to the middle level managers of the banks along with the written instructions to help the respondents to fill the questionnaire at ease. Complete confidentiality was also assured. A total of 275 questionnaires were returned constituting a response rate of 91.5% approximately.

3.2 Measures

The questionnaire was designed by integrating questions used in previous research efforts. Job satisfaction was measured by using the Minnesota satisfaction questionnaire. The five point Likert scale ranged from 1(Strongly dis-satisfied) to 5 (Strongly satisfied).The independent variables i.e. recognition and appreciation, pay incentive, promotions, and autonomy were measured by the scale developed by DeBeer (1987). All items were on a five-point Likert scale which is the most common method for collecting subjective type data. The five point Likert scale ranged from 1(Strongly dis-agreed) to 5 (Strongly agreed).

4. Results

The mean and standard deviation along with correlations of the variables of interest for the current study are provided in Table 01. It has been observed in Table 01 that all of the variables are moderately correlated reflecting the lowest chances of any multicollinearity among variables. The first hypothesis was concerned with the relationship of promotion opportunities with job satisfaction. Table 02 presents the $\beta = .473^{***}$ which is significant. Hence, promotion opportunities are positively influencing the job satisfaction. As a result first hypothesis is accepted. The second hypothesis was concerned with the relationship of pay incentives with job satisfaction. Table 02 presents the $\beta = .341^{***}$ which is significant. Hence, the pay incentives are positively and significantly influencing the job satisfaction. Consequently it leads to the acceptance of second hypothesis.

The third hypothesis was concerned with the relationship of autonomy with job satisfaction. Table 02 presents the $\beta = .534^{***}$ which is significant. Hence, the autonomy is positively and significantly influencing the job satisfaction. It means third hypothesis is accepted. The fourth hypothesis was concerned with the relationship of recognition and appreciation with job satisfaction. Table 02 presents the $\beta = .430^{***}$ which is significant. Hence, the recognition and appreciation is positively and significantly influencing the job satisfaction. It leads to the acceptance of fourth hypothesis. All the independent variables or in other words predictors hold a positive & significant relationship with employee job satisfaction and further contribute to enhance job satisfaction consequently all of the four hypotheses

were accepted.

5. Conclusion

The purpose of this study was to determine the hypothesized relationships among the independent variables and dependent variable of job satisfaction. Since, Job satisfaction is a psychological and attitudinal factor found within the employees at the work place, therefore, it is necessary to determine the relationship among these variables. This would enhance the organizational performance in return. It is important to note that both Autonomy (Power) and Promotion opportunities had a very significant and positive impact on Job satisfaction (Table 02). Autonomy that provides employees opportunity to make important and timely decisions on their own tends to engage them in the work in a much disciplined manner. As, Lambert et al, (2006) suggested that there exists a significant impact of Autonomy on job satisfaction. On the other hand, Promotion opportunities on fair basis experienced by employees tend to make them more involved in their job thus, enhancing the satisfaction level.

The policy of fair promotions in organizations helps to enhance job satisfaction. If employee is fairly promoted or properly recognized and appreciated; promotions increase employee's perception of the quality of their job, all these lead to higher level of the job satisfaction (Kalleberg and Mastekaasa, 2001). Moreover, the findings of the study provide support to the theory that in order to enhance the job satisfaction at the work place; it is necessary that employees may be provided with promotion opportunities, recognition and appreciation, autonomy and pay incentives all of these have a direct path to job satisfaction.

The results of the current study are found to be consistent with research that suggests that the employees experience a deal of job satisfaction that results from promotion opportunities, recognition and appreciation, autonomy and Pay incentives (Price, 1977; Sekaran, 1989; Beer, 1964; Stogdill, 1959; Campbell, 1963; Lawlers, 1992; Shapiro & Wahba, 1978). It has been found in previous research efforts that job satisfaction helps among other things such as the retention of the personnel, decreases absenteeism and enhances commitment (Lee and Mowday, 1987; Shapiro & Wahba, 1978; Mobley et al, 1979; Frank and Pickle, 1968). The results of this study are also consistent with these research efforts as Job satisfaction is found to be significantly associated. The findings of this study provide directions for further investigations in this area. Further studies can be designed longitudinally to measure the increase in Job satisfaction overtime and to establish the connections more scientifically. This study can be quite helpful for managers as, it tends to increase awareness among them to create such an environment where employees can experience job satisfaction and ultimately, leading to organizational performance.

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Figure 1: Conceptual Framework

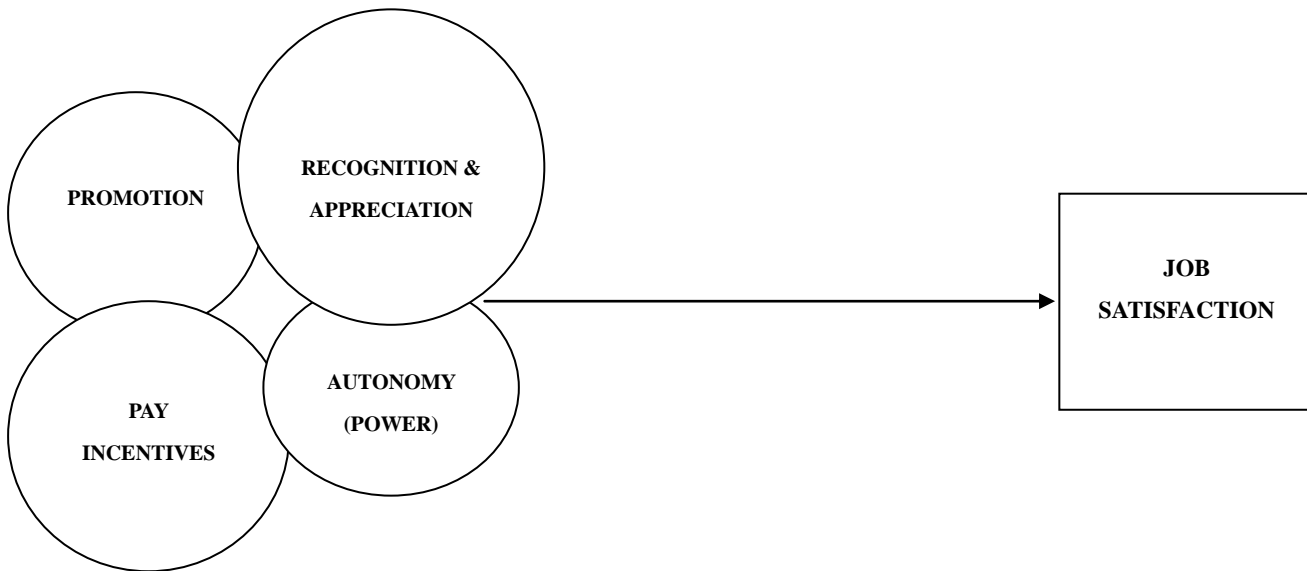


Table 01: Means, Standard Deviation and Correlations

	Mean	Std. D.	01	02	03	04	05
01 AUTONOMY (POWER)	3.6669	.72457	1				
02 RECOGNITION AND APPRECIATION	3.3466	.53252	.453**	1			
03 PAY INCENTIVES	3.2669	.92597	.307**	.285**	1		
04 PROMOTION OPPERTUNITIES	3.7600	.76700	.365**	.322**	.485**	1	
05 JOB SATISFACTION	3.9600	.71308	.543**	.321**	.442**	.509**	1

** Correlation is significant at the 0.01 level

Table 02: Regression Analysis

JS: Job Satisfaction					
Variables	β	t	R^2	Adj. R^2	F
			.55	.50	34.212***
PROMOTION OPPERTUNITIES	.473***	5.848***			
PAY INCENTIVES	.341***	4.883***			
AUTONOMY (POWER)	.534***	6.395***			
RECOGNITION AND APPRECIATION	.430***	3.358***			