

Determinants of Employee Satisfaction: a case study of Banking Sector in Lahore, Pakistan

Sara Aslam^{1*}, Sidra Aslam² and Ramsha Saleem³

1. Faculty, Business Administration Department, Kinnaird College for Women, Lahore, Pakistan
2. PhD Scholar, Walden University, United States of America
3. Student, Business Administration Department, Kinnaird College for Women, Lahore, Pakistan

Abstract

The contributing role of financial institutions towards stabilization and growth of an economy cannot be overlooked. Employees play a pivotal role in achieving organizational goals. Gaining employee satisfaction and commitment is a gnawing concern facing banking industry of Pakistan. This paper aims to investigate the impact of factors such as work – family balance, perceived job security and person-environment fit on employee satisfaction in the banking sector of Lahore, Pakistan. Using systematic random sampling technique, a sample of 252 employees from various banks was surveyed using a structured and standardized questionnaire. Correlation and regression techniques were applied to analyze the data. The results supported the study hypotheses, revealing that work-family balance, perceived job security and person-environment fit had impact of employee satisfaction in the banking sector.

Keywords: Employee Satisfaction, Work-Family Balance, Perceived Job Security, Person-Environment Fit

1. Introduction

Committed and satisfied employees are crucial for organizational success. Arndta, Todd and Landry (2006) refer employee satisfaction as feelings of individuals about their job. Employees with higher level of satisfaction have higher productivity and lower turnover (Roger, 2008). Employee satisfaction signifies employees' expectations and can be increased through meeting employee expectations regarding salary, relationship amongst co-workers, comfortable working environment, training and career opportunities (Sageer, Rafat, & Agarwal, 2012).

Employee satisfaction has been widely studied in the past literature. This paper aimed to focus employee satisfaction in banking sector of Lahore, Pakistan. Since, banks have become indispensable so for regulation of banks, employees are an imperative resource. It is crucial for banks to know what factors affect employees in order to devise strategies that can make employees satisfied at work, hence impeding turnover and enticing them to perform better the current study aims to examine the impact of factors such as person - environment fit, Work family balance and perceived job security on employee satisfaction.

Work-family balance has been taken as predictor of employee satisfaction in this study. Work family balance is a level at which individuals are as satisfied with their work life as their family life. Individuals, who have reasonable balance between in their job roles and personal lives, are more satisfied and productive at work (Reynolds, 2005; Saeed & Farooqi, 2014).

Work family balance plays an important role in shaping lives of individuals and also in organizing their lives (Carlson, 2013). Those employees who have more work-family conflict are less satisfied with their lives and they have no work-family balance (Valcour, 2007). Work-family balance can be measured through achievement of expectations related to different roles of work and family (Grzywacz & Carlson, 2007). To create this balance individual should devote equal level of time, commitment and involvement to both work and family roles (Greenhaus, Collins & Shaw, 2003). From the above literature, the following hypothesis can be derived:

H₁: Work-family balance has a significant effect on employee satisfaction in the banking sector.

Perceived job security, another strong predictor of employee satisfaction, is a set of emotional perceptions about future security of an individual about his/her job (Fullerton & Wallace, 2007). Perceived job security is when an individual is employed for a longer time period in an organization with no subsequent decline in his pay, status, and pension rights (Clark, Knabe, & Rätzel, 2010). It is measured through job permanence and company concern for its employees (Vance & Kuhnert, 1988). One way of viewing job security is through its reciprocal, job insecurity (Jeon, 2009). Job security in employees is determined by education, experience and work location

(Khan & Rehnberg, 2009). It is hypothesised that:

H₂: Perceived job security has a significant impact on employee satisfaction in the banking sector.

Over the past two decades, person - environment fit has gained great importance (Ostroff, 2012). Person environment fit is the extent to which individual and characteristics of environment match (Kristof et al., 2005). The Person – environment Fit theory (P-E fit) assumes that employees, at work, create environment around them that helps manifest their behavioral traits to perform their job. “The extent to which people fit their work environments has significant consequences such as satisfaction, performance, stress, productivity, turnover, with better fit associated with better outcomes” (Su et al., 2014, p 83).

Person environment fit can be achieved through training employees to match their skills with organizational and work requirements. As banking institutions are the backbone of any nation’s economy, higher satisfaction will lead to greater performance (Arunima, 2009).

Satisfaction, commitment, withdrawal and stress are associated with environment fit. There are multiple dimensions of person environment fit such as Person-Vocation (PV) fit, Person-Job (PJ) fit, Person Organization (PO) fit, Person Group (PG) fit, Person-Person (PP) fit. Each of these dimensions of fit has different impact on individual’s experience of person environment fit (Jansen & Brown, 2006). However, this paper focused on Person-Vocation (PV), Person-Group (PG) and Person-Person (PP) fit. Based on the literature discussed above, it is hypothesized that:

H₃: Person environment fit has a significant effect on Employee satisfaction in the banking sector.

2. Literature Review

Mount & Muchinsky (1978) in their research analyzed impact of person environment congruence and job satisfaction of employees. The study included five environmental categories i.e. *enterprising, realistic, investigative, conventional* and *social*. A Sample of 362 congruent employees (whose interest and skills matched with their work environment) and incongruent employees (whose interest and skills did not match with their work environment) was taken. Regression analysis was applied. The study suggested that if the organizations desired a satisfied workforce, they should select those employees whose skills and personal interests were compatible with their work environment.

In another study, Furnham et al., (1995) analyzed the relationship between person environment fit and job satisfaction. From eleven companies in England, a sample of 135 employees was taken out of which 62 were line managers and 73 were subordinates. The results of the study indicated that line managers were more satisfied than the subordinates as well as they were more congruent with work environment than the rest of their staff. However, amongst the subordinates, the new hires / fresh graduates were more satisfied than older employees.

Probst & Brubaker (2001) carried out a study which analyzed the effect of job insecurity on safety outcomes of employees. The sample consisted of 237 employees from two different food processing companies in America. Regression analysis was applied. The results from the study supported that perceived job security had strong relationship with job satisfaction. It also showed that job security among employees was directly related to knowledge of safety, safety motivation and actions on safety policies. Employees having job insecurity did not give importance to safety policies, making workplace prone to more accidents.

Greenhaus et al., (2003) conducted a study on public accountants. The study explored the relationship between work-family balance and quality of life. Sample consisted of 232 males and 121 females. Three components of work-family balance were studied which were *time, involvement* and *satisfaction*. The results indicated that if employees were not fulfilling their family and work roles or were giving less time or involvement to both the roles, then work family balance did not relate to quality of life. On the contrary, if individuals were able to fulfil their work and family roles and gave appropriate time and involvement to both the roles and felt themselves satisfied from those roles, then work-family balance had associated with quality of life. The only limitation of the study was that it did not include time spent with partner, relatives or in social circle while assessing time. It should have been included so that the results did not only represent time spent in doing childcare and other family chores but also time spent with partner and other relatives in the social circle.

Vogel & Daniel (2009) examined the levels of person-environment fit with focus on person vocation fit and person group fit. Headquarters of nationwide restaurant chain were selected for the research. Data were collected from 167 employees and supervisors through online surveys. The results showed that person organization fit and person group fit were important determinants of person environment fit. Person vocation fit was positively related to person organization fit and person job fit. The results also showed job compatibility to be more

important than compatibility with organization. Individual skills needed to be matched with job. Individuals with low person organization fit had no emotional attachment with organization and thus did not have any social relationships with co-workers.

Beham & Drobnic (2010) examined the relationship of work-family balance and satisfaction of 716 office workers working in banking and information technology firms in Germany. Multivariate regression analysis was used to test the study hypothesis. Results of the hypothesis indicated that social support was positively associated with work-family balance and due to overload of work and tight schedules employees were not able to fulfil their family responsibilities, which resulted in dissatisfaction at work. This study also showed that if employees spent more time in an organization due to heavy workload and it had negative consequences on satisfaction of employees.

Carlson (2013) observed the relationship between family balance and organizational citizenship behavior. Sample of the study consisted of 75 supervisors and 205 subordinates. Correlation test was applied. The results of the study revealed that work-family balance could build positive behavior among employees in their workplace. If there was positive behavior among employees then the organization would also benefit as the employees would give their best and help organization achieve its goals.

Mafini & Poee (2013) conducted a research in public sector of South Africa. The research examined the relationship between employee satisfaction and organizational performance. Data were collected from a sample of 272 members of government department using survey technique. Pearson Correlation and regression analysis were applied. The results of study demonstrated that there was positive association between organizational performance and all employee satisfaction factors i.e. ability utilization, working conditions, teamwork, creativity and autonomy. Teamwork had greater association with organizational performance. Higher organizational performance could be achieved by increasing each of five factors.

3. Research Methodology

3.1 Research design

The current study was descriptive in nature. It transformed raw data into information and also revealed new facts and information.

3.2 Population

The target population of the study included all employees of commercial banking sector of Lahore, Pakistan.

3.3 Sampling

Systematic random sampling technique was used in the study. The data were collected directly from the employees of commercial banks of Lahore. For purpose of data collection 5 head offices of the banks from Lahore were selected. List of these banks was drawn from State bank of Pakistan. A random list of these banks was generated with the help of software. Systematic random sampling was incorporated to select the respondents. A starting point 5 was selected and every nth number (5) was chosen. Planned sample for this research was 300 but total of 252 responses were obtained after excluding the missing and inappropriate responses from employees of 5 commercial banks of Lahore. For ease banks were given names as B1, B2, B3, B4 and B5. Total response rate was 84%.

3.4 Scales and Measures

Structured questionnaire was used for this study. All the questions were assigned 5 point Likert scale ranging from 1 to 5, where 1 represented *strongly disagree*, 2 *disagree*, 3 *neutral*, 4 *agree* and 5 represented *strongly agree*. Employee satisfaction was measured by 8 items adopted from by Aartichahal et al. (2013), Waskiewicz (1999) and Abdullah (2011) respectively with some modifications. Work-family balance was measured using Carlson (2013) and Carlson et al. (2009) scale with some minor modifications and additions and it consisted of 16 items. Perceived job security was measured using 11 items adopted from Kraimer, Wayne, & Liden (2005) and Clark (2005). Person environment fit was measured by 13 items from Brown (2011).

3.5 Statistical Technique and statistical tool

Inferential statistics are used for hypothesis testing. Validity and reliability of data is checked to ensure that there is accuracy of measures through Cronbach's Alpha. The techniques applied for hypotheses testing are multiple regression and correlation analyses through Statistical Package for the Social Sciences (SPSS) 18.

4. Results:

4.1 Reliability test:

Cronbach alpha is used to measure the reliability of scales. The values of reliability analysis are in the table below. The overall value of Cronbach's alpha for all variables indicates that all the items of measurement used are accurate and reliable.

Table 2: Cronbach Alpha

Variable	Cronbach Alpha	No of items
Employee Satisfaction	.929	8
Work-family balance	.968	16
Perceived Job Security	.936	11
Person-environment fit	.953	13

4.2: Correlation Analysis:

Table 3: Correlation Matrix

		Employee satisfaction	Work family balance	Perceived Job Security	Person environment fit
Employee Satisfaction	Pearson Correlation	1			
	Sig. (1-tailed)				
	N	252			
Work family balance	Pearson Correlation	.779**	1		
	Sig. (1-tailed)	.000			
	N	252	252		
Perceived Job Security	Pearson Correlation	.848**	.750**	1	
	Sig. (1-tailed)	.000	.000		
	N	252	252	252	
Person environment fit	Pearson Correlation	.816**	.770**	.857**	1
	Sig. (1-tailed)	.000	.000	.000	
	N	252	252	252	252

** . Correlation is significant at the 0.01 level (2-tailed).

Correlation value between work family balance and employee satisfaction indicated a strong and significant relationship between the variables ($r = 0.779$, $p < 0.01$). Similarly, a strong and significant correlation between perceived job security and employee satisfaction ($r = 0.848$, $p < 0.001$) and between person environment fit and employee satisfaction ($r = 0.816$, $p < 0.001$) was found.

4.3: Multiple Regression Analysis:

Table 4: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881 ^a	.776	.773	.46211

a. Predictors: (Constant), PEFIT, work Family Balance, PJS

b. Dependent Variable: Employee Satisfaction

The above table shows the model summary of this study. The R value shows the total correlation of all the independent variables with the dependent variable. In this case, the correlation of all the independent variables i.e. work family balance, perceived job security, person environment fit, with the dependent variable, employee satisfaction is 0.881. It shows that there is a strong and positive correlation between independent and dependent variable.

R square shows the total effect of all independent variables (work-family balance, perceived job security, person environment fit) on the dependent variable (employee satisfaction). The value of R square is 0.776. This value shows that 77.6% variance in employee engagement is due to change in all the independent variables. Adjusted R square shows the overall strength of the model. The value of R square is 0.773. This shows that the model is 77.3% strong.

Table 5: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.150	.110		1.360	.175
	WORK FAMILY BALANCE	.252	.046	.268	5.466	.000
	PERCEIVED JOB SECURITY	.475	.061	.470	7.743	.000
	PERSON ENVIRONMENT FIT	.216	.066	.206	3.271	.001

$$Y = .150 + .252X_1 + .475X_2 + .216X_3$$

$$Y = .150 + .252 (\text{Work Family Balance}) + .475 (\text{Perceived Job Security}) + .216 (\text{Person environment fit})$$

The above coefficients table shows the individual beta values of each independent variable. The beta value shows the effect of each independent variable on the dependent variable. The beta value of work family balance is ($\beta = 0.252$) which shows that 1 unit change in work family balance will cause a 0.252 unit positive change in employee satisfaction. Since $p < 0.05$, H_1 is accepted. The beta value of job security is ($\beta = 0.475$) showing that 1 unit change in job security will cause a 0.475 units positive change in employee satisfaction. As $p < 0.05$, H_2 is accepted. The beta value of person environment fit is ($\beta = 0.216$, $p < 0.05$) and significant, H_3 is accepted.

The results of H_1 from this current study indicated that work family balance has a significant impact on employee satisfaction in the banking sector ($r = 0.779$, $\beta = 0.252$, $p < 0.05$). The results of this study are in accordance to prior research of Mafini and Dlodlo (2014) that indicated a significantly positive association between family balance and employee satisfaction. In her study Rania (2011) proved work-family balance to be significantly and positively related to employee satisfaction. The study was conducted on a sample of 210 employees working in various IT organizations. The results indicated ($\beta = 0.154$ and $r = 0.737$). In another study by Saeed and Farooqi (2014), the impact of work life balance on job satisfaction and organizational commitment was studied. Which further supported that work-family is significantly related to employee satisfaction. The study was conducted in the University of Gujrat, Pakistan and a sample of 171 faculty members was selected.

The results indicated a relationship between both variables ($\beta = 0.496$, $p < 0.001$).

The results from the H_2 of the study indicate that perceived job security has significant impact on employee satisfaction ($r = 0.848$, $\beta = 0.475$, $p < 0.05$). The results of this study match with previous studies such as Nikalaou and Theodossiou (2002) proved through their research that job security had a strong and significant effect on job satisfaction. The study was done in seven European countries to examine that whether job security affects employee satisfaction or not. The result showed that employees with high level of job satisfaction and high level of job security were more productive in their work. Job security was greater for those employees who used their skills during their job tasks and only those employees used their skills who felt that they were secure in their organization.

The results from this current paper for H_3 indicated person-environment fit to be significantly affecting employee satisfaction ($r = 0.816$, $\beta = 0.216$, $p < 0.05$). Mafini and Dlodo (2014), conducted a similar study in public health institutions comprising 287 professionals. The results showed a strong and positive association between person-environment fit and employee satisfaction with correlation ($r = 0.569$, $\beta = 0.064$).

Employee satisfaction is an important pillar between employer and its employees. Since banking is one of the biggest contributing sectors toward economic growth of the country, ample resources should be incorporated by the employers to cater the needs of employees. For example employees who over-work, suffer from stress which in results in poor personal relationship and low job commitment. Employees whom employers provide job security are better performers. Similarly, a good fit personality and work environment yields positive outcomes.

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