

Impact of Top Management Ethical Behavior on Job Satisfaction: Evidence from Pakistan

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Abstract

The purpose of this study is to examine the impact of top management ethical behavior on job satisfaction of banks employees in Pakistan. Data was collected through questionnaire survey from 120 employees. Random sampling method was used so that to mitigate the biasness and obtain fair results and response rate was 71%. Results of the study show significant impact on job satisfaction. Practical implications of study in banking industry is that top management act as a role model to promote ethical behavior in the organization that is definitely have the impact on employee ethical behavior and it will cause to increase the satisfaction.

Key words:

Job Satisfaction, top management ethical behavior, Cognitive dissonance theory, Bank employee's

1. Introduction

In last few years number of researches done on ethics of top management and Job satisfaction of employee which is consequence of efficient top management ethical behavior (Koh Boo 2001). Research in the field of banking is important because it is a major services providing field where anxiety exists. Basic research motive is that if we increase Satisfaction it will give in return commitments of employee with organization (Bodla & Danish 009; Bodla & Naeem 2008a). Overall performance of banks is based upon the employees if they are more stanch then they are devoted worker and organization run slickly. Job satisfaction is a tool on the bases of which an organization becomes successful in this dynamics environment. Commitment of a worker is based upon the job satisfaction of organization.

Job Satisfaction of bank employees is traditionally and consistently associated with the employee turnover. High turnover rate of employee in organizations cause to decrease the productivity, efficiency & effectiveness. Literature explains that banking job is stressful in Pakistan. Job satisfaction can be defined as the emotional state which create positive or negative consequences from a job that can be pleasurable or opposite (Locke 1969). Spector (1997) and Kreitner & inicki (2006) explain job satisfaction in the global context, job satisfaction is globalize concept or group of several facets to which an employee respond positively. Job satisfaction is a widely research area in the business field specially in banking sector as this

industry's employees experience lot stress and overload which resultant dissatisfaction. Muchinsky (1993) defined job satisfaction as the degree to which an individual obtains gratification from his work or how much the work can be the source of happiness. According to Locke (1976), there is not a single way to define job satisfaction.

Motivated employees of any organization are key factor for success. Levin (2004) describes that it's the employees if an organization that provides services to the customers. If employees are motivated, they can provide better services to the customers. This can lead to achieve long term goals of the organization. More satisfied employees deal in well manners that make customers pleased. Tidmarsh (2003) indicate that by developing satisfaction programs for employees a business can save lot of cost that occur in the form of high turnover and absenteeism. Highly repetitive work which is also boring in nature can cause the high level of stress in bank employees (Thomson 1993). Result of stress can be high turnover, emotional burnout, dissatisfaction, absenteeism and low performance. Overall satisfaction is derived from the situational characteristics and from the occurrence of situation events (Quarstein 1992).

Banking industry in Pakistan is playing a vital role in economy. At present this sector is major employers which fighting against unemployment. This study plays a very important implication in the banking sector to resolve the emerging issues in this field which creates the big trouble for banks. So that to develop programs for employee satisfaction. By resolving the issues related to job satisfaction banks can provide quality services to its customers. In western countries lot of studies conducted to highlight the issues relating this field (Vroom 1964; Locke 1974; Khaleque 1984).

The purpose of this research was to investigate the relationship between ethics and job satisfaction, particularly in the context of Pakistan because there is limited research has conducted in this area of business in Asian countries like Pakistan. Sample of banking sector employees was 85 from the various commercial banks in Pakistan.

Major objective of the study is to see whether ethical behavior of top management have impact on employee's job satisfaction or not. As the top management treat with their employees to meet their needs and expectation, this has a strong influence on the attitudes and behavior of individuals towards jobs.

2. Literature Review

2.1. Job Satisfaction

Job satisfaction of employee is good feeling about his work when evaluated the performance of that employee (Brief & Weiss, 2001). Weiss (2002) argues that affective reaction of employee to his job or attitude of employee towards its work. There are six determinants through which we can measure the job satisfaction of employee's that are Pay, Work, Promotion, Working environment, Coworker & Supervision (Hackman & Oldham, 1975). Satisfied worker gives the result in organization like to improve work life quality, Performance reward linkage, improve the overall atmosphere of organization (Sekaran 1988). Job satisfaction of employee increased the commitment and decreased the turnover of employees (Jauch & Sekaran 1978). Job characteristics caused the employee satisfaction about its job. Job satisfaction is effected by different climatic factor such as Stress, Employee involvement in decision making and Communication. While Stress is negatively related with job satisfaction (Bhagat 1982), Communication about job related issues and employee involvement in decision making is positively related with job satisfaction (Bateman 1977; White & Ruh 1973).

2.2. Top Management Ethical Behavior

In this dynamic environment employee of organization more focus on ethics of top management (Ford & Richerdson 1994). Number of research done on the field of ethics in recent era in developing countries but few evidence are also from developing countries are in literature. Now a day's international operations of firms increased as compared to two to three saccades past (Alder 1986). Researcher in the field of

management is examining the job satisfaction of employee with their work (Trevino 1986). Human capital of a firm is a key factor of firm which helps organization to operate in this changing environment. When a firm enters in different countries then they need the role of ethics in their decision making according to the country in which they want to do business (Donaldson 1989). Norm & values of countries different which is challenges for organization to understand the ethics of those countries where they want to invest (Sethi, & Steidlmeter 1993).

Literature explains different determinants of ethical behavior in which Individual and situational aspects are mainly discussed. Individual determinants like Field dependence (Witkin & Goodenough 1977), Ego strength (Blasi 1980) and locus of Control (Spector 1982) which are affecting ethical behavior. Situational aspects like Behavior of referent other (Kulik & Ambrose 1992), Ethical climate (Deal & Kennedy 1983; Schein 1984) and Reinforcement practices are studied in literature. It is important for researcher to find the impact of ethical climate on individuals and organization. Organizational consequences of ethical climate are growth, Team work etc. Individual consequences of ethical climate are the stress, turnover, job satisfaction and performance of employees (Cyriac & Dharmaraj 1994). In our study we are focusing on job satisfaction of banking employee's in Pakistan which is individual aspect of ethical climate. More focus on to study the relation of job satisfaction of bank employee with perceived ethical behavior of top management. It is expected that perceived top management support for ethical behavior is positively correlated with job satisfaction of employee's which is concluded from justice theory and also from cognitive dissonance theory.

From above discussion we can concluded that top management support for ethical behavior is positively related with job satisfaction of individuals. So we can test the hypothesis as:

H₁: Top management ethical behavior is positively related with the job satisfaction of bank employee's of Pakistan.

Conceptual Framework



3. Methodology

3.1 Sample

Banks in our study is elected on the base of ease sampling for the reason that geologically scattered and outsized population so we can not study the all bank employees' behavior. That's why we selected a small sample which represents the behavior of their population. Out of them there ware two public and six private sector banks are selected for our study which is placed in Islamabad. Participants of our study are based on Quota sampling, which is working in different branches (Islamic branch, corporate branch, etc) of these banks. In our Survey all managers are selected as a percentage of their number in total population. We distribute the 120 Questionnaire in which 85 are appropriate filled and can used for analysis with response rate of 71%.

3.2. Instruments

We used top management ethical behavior as explanatory variable of job satisfaction which describes the ethical aspect of top managers. It is used in our study because there is no particular importance is given in our organization. Job satisfaction and top management ethical behavior measured by one dimension. Scales of following others are used in our study and reliability of these scales are reported in table 1.

- Job satisfaction: 5 item Scale used by (Wright & Cropanzano 1998).
- Top management support for ethical behavior: 4 item scale used by (Hunt, Chonko, & Wilcox 1984; Koh & Boo 2001).

3.3. Data Collection and Analysis

Data collected by Questionnaire which is self administrative. To collect data from dispersed sample we used different resources like e-mail, postal mail, etc. Questionnaire were sorted out to identify complete and incomplete. Correlation matrix were used to identify the relationship of job satisfaction and top management ethical behavior. Regression analysis used to identify the intensity of relationship of our studied variable.

3.4. Results

Mean and Standard deviation of under focused variables are shown in Table 1. It explains that average employees of banks are satisfied with their job and also their supervisor attitude towards ethical behavior is high. Cronbach's alpha gives explanation that reliability of questionnaire which we used in our survey gives us significant results. Table 2 gives detail about relationship of job satisfaction and top management ethical behavior which significantly positively correlated. Table 3 explain the results of regression which gives us the intensity of the relationship in our analysis top management ethical behavior is positively predicted the job satisfaction of bank employees. 13% variation in job satisfaction of bank employees is done due to change in top management ethical behavior. F-statistic of our model is significant which explains that explanatory variable has significant impact on job satisfaction of employees.

4. Conclusion

This paper tested the empirically established theories (cognitive dissonance theory, organizational justice theory) implementation in banking sector of Pakistan. These theories hypothesize that individual satisfaction towards its job is highly effected by top management ethical behavior. Correlation matrix of our studied variables is positively related and also top management ethical behavior is positively predicted the job satisfaction of employee's in banking industry. Power distance in Pakistan is very high like developing countries as compared to Americans culture but this theory is also applicable in Pakistan. Current study is contradicted with Indian manager studies which are done on behavior of managers in all industries. The reason of contradict is banking system of Pakistan is very strong in the history. Where never any bank is bankrupted so regulator of banking industry has high code of conduct.

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Table.1 Mean, Standard Deviation, Reliabilities

	Mean	Standard Deviation	Number of scale used	Cronbach’s alpha
Job Satisfaction	3.42	.51	5	.715
Top management ethical Behavior	3.48	.58	4	.762

Table.2 Correlation Matrix

	Job Satisfaction	Top management ethical Behavior

Job Satisfaction	1	.360(**)
Top management ethical Behavior	.360(**)	1

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

Table.3 Regression Analysis

	Beta	R Square	F-Statistic
Constant	2.31**	.13	12.37**
Top management ethical behavior	.32**		

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

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