Determinants of Employees' Job Satisfaction: A Study of Banking Industries in Sri Lanka

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GJMBR Classification : *JEL Code : J28*

DETERMINANTS OF EMPLOYEES JOB SATISFACTION A STUDY OF BANKING INDUSTRIES IN SRI LANKA

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Abstract - The last couple of decades have shown an increase in the study of job satisfaction in relation to organizational outcomes, particularly in management literature. Job satisfaction is a general attitude which is the result of many specific attitudes. Data was collected through seven points Likert type summated rating scales of questionnaires from strongly disagree (1) to strongly agree (7) were adopted to identify indicators. Sophisticated statistical model as "Exploratory Factor Analysis (EFA) has been employed. The results shown factors extract from the analysis that together accounted 84.924% of the total variance. These factors were categorized as payment, achievement and proud to work.
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I. Background of Study

In the present modern business era, job satisfaction is very powerful concept. Generally, Job satisfaction has been one of the most important factors, frequently researched in the field of management. According to oxford paper dictionary (1996), the verb "satisfy" means to given a person what he wants or demands or needs to make him pleased or contended. Workers satisfied with their job perform better and less likely to be late, absent or quit than those of dissatisfied workers. Employees, who are more productive and are able to stay longer on job, were able to highlight higher job satisfaction ratings. Since most of the working hours are spent at work, it is imperative to find out the various factors that determine job happiness. Evidently, it is all about the gap between reality and expectations, but the issue seems to be much more complicated than it appears. While job satisfaction is found to be low wherever expectations are very high, most people believe that they can do better in other organizations. Main objective of study to find out different factors that influences the job satisfaction among the banking sectors employees. This study examines indicators which determine the job satisfaction of banking sectors employees in Sri Lanka. Finding of this study are useful for banking sector to enhance and build the high level job satisfaction.

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II. Review of Literature

Hammer (2000); Marini (2000); Denton (2000), have defined job satisfaction as an employee's affect response to various aspects of his work environment. Taylor's (1911) 23 approaches to job satisfaction were based on a most pragmatic and essentially pessimistic philosophy that man is motivated by money alone. That the workers are essentially "stupid and phlegmatic" and that they would be satisfied with work. If they get higher economic return from it. Over the years, we have moved away from Taylor's solely monitory approach to a more humanistic orientation. From a simple explanation based on money to a more realistic but complex approach to job satisfaction it has come a long way. New dimensions of knowledge are added everyday and with increasing understanding of new variables and their interplay, the field of job satisfaction has become difficult to comprehend. Sideman and Watson (1940) in their study, a sampling of men and women were asked to report on the job previously held which was most satisfactory to them and to give reasons for their selection the result, the study reported that congenial working condition and social conduct, responsibility, initiative prestige, recognition, friendly association, work fitted to vocational level and variety of duties are more important contributing factors in job satisfaction than salary. Hulin and Smith (1964) obtained measures of five separate aspect of job satisfaction from 295 male workers and 163 female workers drawn from four different plants. The date were analyzed with respect to the mean the satisfaction for the male and female workers Analysis indicated that in three plants the female workers were significantly less satisfied than their male counterparts (p. >0.05) while in the fourth plant there was no significant difference. A test on the relative size of the differences indicates that the ordering of the difference in satisfaction level was somewhat consist and across the four samples (p.>0.01). Vroom (1964) has done an excellent job examining the relationship between job satisfaction and various aspects of job behavior and perhaps summarizing his findings are the best way of giving the reader on overview. Vroom categorizes studies in terms of which job behaviors are correlated with job satisfaction, specifically, he groups them into studies of turnover of absenteeism accidents and job performance. Blum and Naylor (1968) opined that job satisfaction is a general attitude which is the

result of many specific attitudes in their areas, normally, specific job factors, individual characteristics and group relationships outside the job. Velnampy and sivesan (2008) have expressed that job satisfactions are positively associated with employee performance. Steven, susan and Stewart (2005) felt that communication helps to increase job satisfaction. Thiruchelvam S J and Velnampy T (2010) internal and external organizational elements have a relationship with employee Psychological Empowerment. Velnampy (2008), in his study on job attitude and employees performance concluded that job satisfaction contains positive influence on the performance of the employees as it enhances job involvement and the higher performance also makes people feel more satisfied and committed to the organization. The satisfaction and performance of the employee works in a cycle and are interdependent. Job satisfaction and involvement of the employee leads him to have high levels of performance. According to Ramayah, Jantan, and Tadisina (2001), Job satisfaction explains how employees are buoyant to come to work and how they get enforced to perform their jobs. What are the things who make happy an employee on doing work and not to leave the job? Other researchers narrate job satisfaction as being the outcome of the worker's appraisal of extent to which the work environment fulfillment the individuals needs (Dawis & Lofquist 1984). According to Locke (1969), job satisfaction is a state of emotional gladness, results from the achievement of the goals that one get through performing his part of contribution inside an organization. Shahu & Gole (2008), in their research define effects of job satisfaction on performance, they had sum up their findings on a factor that work satisfaction should be considered by the organization as important plan which needs to be extend in order to improve employees performance and where employees can put their best performance. Performance level lowers with lower level satisfaction scores. There should be some awareness programs, pertaining to the stress & satisfaction level in the industries. It will help organizations to understand the benefits of stress knowledge in relation to satisfaction and goal achievement in the industry

III. Research Methodology

a) Data Sources

Given the nature of the present study, it was required to collect data from the primary and secondary sources. Primary data were collected through the questionnaire. Secondary data were collected from research studies, books, journals, newspapers and ongoing academic working papers. The collected data may be processed and analyzed in order to make the study useful to the practitioners, researchers, planners, policy makers and academicians.

b) Measures

The questionnaire was administrated to employees of banks (National Serving Bank, Commercial Bank, Sampath Bank, Hatton National Bank). Questionnaire is prepared with seven point Likert-scaling system. In a way, qualitative data converted into quantitative and then details analysis was made with appropriate statistical tools in order to prove the objective. Questionnaire is designed to gather the data. Questionnaire consists of 20 statements to measure the job satisfaction of the banking sectors employees. Job satisfaction can be measured through Payment , Promotion, Happy to work, Subordinate- supervisor relationship, Direction of supervisor, Achievement , Appreciation , Participation in decision making, proud to work, and Enough description.

c) Sampling

Using the convenience sampling technique, a total of 126 respondents were selected as a sample of the study. One hundred and seven respondents completed the questionnaire and the rest did not return it.

IV. Result and Discussion

Before applying statistical tools, testing of the reliability of the scale is very much important as its shows the extent to which a scale produces consistent result if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). The Cronbach alpha estimated for Payment was 0.789, Promotion was 0.845, Happy to work was 0.873, Subordinate- supervisor relationship was 0.871, Direction of supervisor was 0.678, Achievement 0.712, Appreciation was 0.743, Participation in decision making was 0.654, proud to work was 0.765, and Enough description was 0.612. As the Cronbach's alpha in this study were all much higher than 0.6, the constructs were therefore deemed to have adequate reliability.

Table 1 : Reliability for dimension of job satisfaction

No	Details	Cronbach alpha
1	Payment	0.789
2	Happy to work	0.873
3	Promotion	0.845
4	Subordinate- supervisor relationship	0.871
5	Direction of supervisor	0.678
6	Achievement	0.712
7	Appreciation	0.743
8	Participation in decision making	0.654
9	proud to work	0.765
10	Enough description	0.612

a) Validity

An important aspect of increased rigor in conducting scientific research in the modern positivist paradigm is the testing for content and convergent validity. The Content validity ensures that the measure includes an adequate and representative set of items that tap the domain of the concept (Malhothra 2005, S2004, Warnakulasuriya, 2009). An exact literature review was carried out to ensure the content validity of the both construct.

b) Factor analysis

Factor analysis method has been employed to identify the dimension importance underlying dimensions of job satisfaction of banking sector employees.

c) KMO and Bartlett's test

Kasier – Meyer – OlKin (KMO) test assist to measure sample adequacy. The KMO statistic varies between 0 and 1. A value close to 1 indicates that patterns of correlation are relatively compact and so factor analysis should yield distinct and reliable factors. Kaiser (1974) recommends the accepting values of

greater than 0.5. Furthermore, values between 0.5 and 0.7 are mediocre, value between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great and values above 0.9 are superb.

Table 2 : KMO and Bartlett's test

Kaiser –Meyer – Olkin Measure of sampling adequacy	0.769
Bartlett's test of sphericity Appox Chi Square	574.662
Df	56
Significance	.000

Table No -02 indicates that the KMO is 0.769, which falls into the range of being mediocre; factor analysis is appropriate for these data. Bartlett's test of sphericity (Barlett, 1950) is the third statistical test applied in the study for verifying its appropriateness. This test should be significant i.e., having a significance value less than 0.5. According to Table No -02, test value of Chi – Square 574.662 is significant. After examining the reliability and validity of the scale and testing appropriateness of data as above, Suitability of variables next is identified using a concept called "communality".

Communalities indicate the amount of variance in each variable that is accounted for Table No - 03shows that initial communalities and extraction communalities. Initial communalities are estimates of the variance in each variable accounted for by all components or factors. Initial communalities are set as 1.0 for all variables in Principal Component Method of Extraction of Factors. Extraction communalities are estimates of variance in each variable accounted for by the factors in the solution. Accordingly, all items are fit to the factor solution. Because, extraction value is more than 0.3 for each items.

Table 3 : Principal Component Analysis Communalities

Items	Initial	Extraction
Payment	1.000	.749
Happy to work	1.000	.750
Promotion	1.000	.431
Subordinate- supervisor relationship	1.000	.643
Direction of supervisor	1.000	.612
Achievement	1.000	.667
Appreciation	1.000	.724
Participation in decision making	1.000	.831
proud to work	1.000	.639
Enough description	1.000	.753

In this study, Principal Component analysis (PCA) was employed by the Varimax rotation, (generally, researchers' recommend as varimax) When the original ten variables were analyzed by the PCA. Four variables extracted from the analysis with an Eigen value of greater than 1, which explained 84.926 percent of the total variance.

Table 4 : Total Variance Explained

Component	Initial Eigen Value			Extraction Sums of Squared Loading		
	Total	% of Variance	Cumulative	Total	% of Variance	Cumulative
1	5.911	59.911	59.911	5.911	59.911	59.911
2	1.417	14.167	74.078	1.417	14.167	74.078
3	1.085	10.848	84.926	1.085	10.848	84.926
4	0.960	9.597	76.604			
5	0.669	6.691	83.295			
6	0.598	5.977	89.272			
7	0.413	4.129	93.401			
8	0.276	2.761	96.162			
9	0.250	2.497	98.659			
10	0.134	1.341	100.000			

One method to reduce the number of factors to something below that found by using the "eigen value greater than unity" rule is to apply the scree test (Cattell, 1966). In this test, eigen values are plotted against the factors arranged in descending order along the X- axis. The number of factors that correspond to the point at which the function, so produced, appears to change slope, is deemed to be number of useful factors extracted. This is a somewhat arbitrary procedure. Its application to this data set led to the conclusion that the first four factors should be accepted.
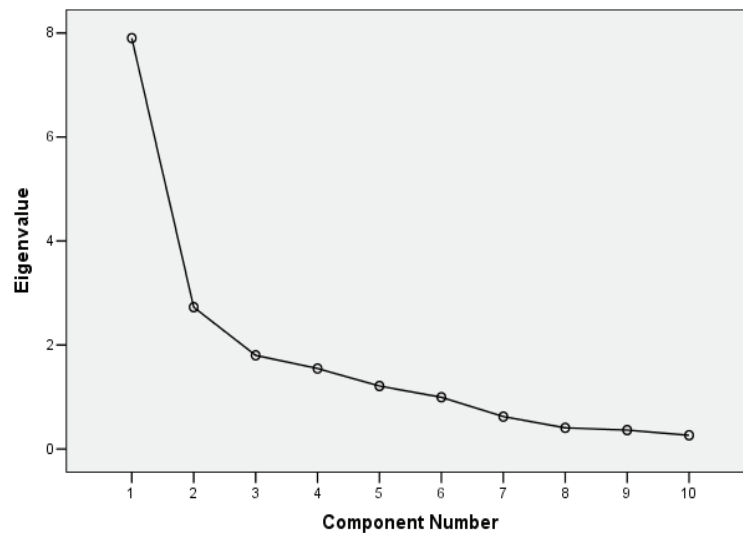
Table 5 : Rotated Component Matrix

Scree Plot

Table No - 05 show that factors were divided into the three groups. Each of three job satisfaction factors listed in table no -05 is labelled according to the name of the value that loaded most highly for those job satisfaction. It is worth declaring out here that factor loading greater than 0.30 are considered significant. 0.40 are considered more important and 0.50 or greater are considered very significant. The rotated (Varimax) component loadings for three components (factors) are presented in Table No- 05. For parsimony, only those factors with loadings above 0.50 were considered significant (Pal, 1986; Pal and Bagi, 1987; Hari, Anderson, Tatham, and Black, 2003). The higher a factor loading, the more would its test reflect or measure as job satisfaction (Pallant, 2005). Actually in this study, minimum factor component loadings of 0.54 or higher are considered significant for EFA purposes. The job satisfaction variable getting highest loading becomes the title of each factor of job satisfaction. e.g. **'Payment'**- title of customer relationship marketing factor-I and the like

Table 5 : Groups by loading

	Group -1	Group - 2	Group -3
Payment	0.84		
Happy to work	0.76		
Promotion	0.65		
Subordinate- supervisor relationship	0.62		
Direction of supervisor	0.50		
Achievement		0.87	
Appreciation		0.75	
Participation in decision making		0.73	
proud to work			0.86
Enough description			0.74
Eigen Value	5.991	1.4167	1.085
Proportion of Variance	59.911	14.167	10.85
Cumulative Variance Explained	59.911	74.078	84.926

Group –I **Payment** include the five factors such as payment, happy to work, promotion, and supervisor and subordinate relationship, and direction of supervisor with loading ranging from 0.84 to 0.50.

Group- II **Achievement** consists of three factors such as achievement, Appreciation and participation of decision making with loadings ranging from 0.87 to 0.73.

Group- III **Accuracy** includes two factors such as proud to work and enough description with loading ranging from 0.86 to 0.74.

Following table clearly exposed the determinants factors and these groups

Table 6 : Total Variance Explained

Concept	Variable (Group)	Factors
Job Satisfaction	Payment	Payment
		Happy to work
		Promotion
		Subordinate- supervisor relationship
		Direction of supervisor
	Achievement	Achievement
		Appreciation
		Participation in decision making
	Proud to work	proud to work
		Enough description

V. CONCLUSION

Results of the study confirmed that job satisfaction can be determined by ten variable such as payment, happy to work, promotion, subordinate supervisor relationship, direction of supervisor, achievement, appreciation, participation in decision making, proud to work and enough description.

According to exploratory factor analysis, these factors were divided into three groups. Groups -1 consist of five factors. This group is called as Payment group. Group – II consists of three factors. This group is named as Achievement. Final group consists of two factors. They are proud to work and enough description.

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