

Factors Affecting to Job Satisfaction of Banking Employees in Sri Lanka

Special Reference Public and Private Banks in Anuradhapura District

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Received: March 25, 2017 Accepted: May 8, 2017 Published: May 26, 2017

doi:10.5296/bmh.v5i1.10987 URL: <http://dx.doi.org/10.5296/bmh.v5i1.10987>

Abstract

Employees are the backbone of any organization. They are the most precious and important asset among all the assets of any organization. Job satisfaction is a part of employee life satisfaction. So the employee job satisfaction becomes one of the top priority issues in the banking industry. Therefore, the study aims to identify the level of job satisfaction of banking employees' in private and public banks in Sri Lanka with reference to Anuradhapura District. All employees who are working in both public and private banks in Anuradhapura District were the population of the study and out of them 226 employees were selected as sample of the study based on stratified sampling technique. Data were processed through number of

rigorous analysis to derive a robust conclusion. The findings of the study indicated higher level of job satisfaction of public sector banking employees than private sector employees in Sri Lanka. Further study regression result highlighted statistically significant impacts of work itself, salary, job security and recognition on employee job satisfaction in banking sector Sri Lanka, however possibility of growth and working conditions no longer make significant impacts on employee job satisfaction. Finally, study identified salary as a greatest explanatory variable of employee job satisfaction in banking sector, Sri Lanka.

Keywords: Banking Sector, Job Satisfaction, Salary, Job Security

1. Introduction

Banks make a convenient bridge between savers and borrowers, transferring monies from surplus unit to deficit unit in an economy (Khan & Parveen, 2014). The procedure plays an important role in development process. According to the Annual Report of Commercial Bank of Ceylon (2012), the bank believes that a well-trained human resource is a distinct competitive edge for sustainable business performance, hence banks are committed to develop its human resources. In this process, banking culture plays a decisive role creating conducive environment for learning and development, where employees can equip themselves with the required knowledge, competencies and attitude to create value for the organization (Central Bank of Sri Lanka, 2014). Ensuring absolute job satisfaction, assisting career development and providing lifelong learning are the fundamental pillars on which the banks' training and educational strategy is formulated (Commercial Bank of Ceylon, 2012). The banks expect to improve employee satisfaction which is a key component of stakeholder value creation process to make a win-win environment for all (Panghal, 2013). At present, many organizations have identified significant of strengthening its human resources in achieving their goals and objectives. Resulting, now many banks have started their own libraries, arranged many annual events for their employees. On the other hand, banks promote team works, team culture and team based HRM practices to strength the level of team orientation among their employees (Anuja & Arulrajah, 2013). A personal banking awards is another initiative taken by commercial banks to supplement the banks' performance driven culture and the competitive work environment within the industry.

1.1 Research Problem

Employees are the most precious and important asset of any organization, hence employee job satisfaction has now become one of the top priority issues in every the industry (Kumari & Pandey , 2011). In banking sector, employees face many difficulties in performing their duties and responsibilities in Sri Lankan environment. As per the discussions researches had with few banking employees, it was found that most of employees shown higher dissatisfaction about working environments, existing work load and tough work schedule in their banks. One employee pointed out that “It is very difficult us to get even a leave for personal matter with this seamless work squeeze”. The preliminary discussion further identified different satisfaction views from private and public bank employees whispering a satisfaction issues among both groups. Accordingly, private sector employees enjoy more financial benefits than public sector employees. Even in a global context the statement was proved by Myint et al. (2016). Accordingly, job satisfaction of employees who are in private banks are higher than that of employees in public bank.

1.2 Research Questions

- What is the level of job satisfaction of employees in both private and public banks in Sri Lanka?
- Is there a significant difference of job satisfaction between private and public bank employees?

- What are the factors affecting to job satisfaction of employees in both private and public banks in Sri Lanka?
- What is the most influencing factor of job satisfaction of employees in both private and public banks in Sri Lanka?

1.3 Research Objectives

- To identify the level of job satisfaction of employees in both private and public banks in Sri Lanka.
- To identify the significant difference of job satisfaction of private and public banks employees.
- To identify the factors affecting to job satisfaction of employees in both private and public banks in Sri Lanka.
- To identify the most influencing factor of job satisfaction of employees in both private and public banks in Sri Lanka.

2. Literature

Satisfaction is a feeling of happiness that obtain when a person fulfilled his or her human needs and desires (Saif, 2014). As well, it is a state felt by a person who has experienced performance or an outcome that fulfilled his or her expectations (Ilyas & Arif, 2013). Job satisfaction is the positive feelings about a job, resulting from an evaluation of its characteristics (Robbins & Judge, 2013). A person with high level of job satisfaction holds positive feeling about his or her job, while a person with a low level of satisfaction holds negative feelings. Job satisfaction is the difference between the amount of rewards employees receive and the amount they believe they should be received (Robbins & Judge, 2013). Job satisfaction is defined as “the extent to which people’s willingness towards the job” and is influenced by multiple factors. Salary, efficiency in work, fringe supervision & co- worker relations are the most important factors contributing to employee job satisfaction (Mosammod & Nurul, 2011). Perceived pay and promotion work as most influencing factor of job satisfaction in banking sector (Sowmya & Panchanatham, 2011). Job dissatisfaction of employee’s mainly occurs due to absence of work recognition and the benefits that they are received. However, company policies and practices, achievement and advancement, feedback and communication, ability to work independently and general working conditions make employee satisfy at every time (Maniram & Dissertation, 2007). Salary is the most important factor of job satisfaction and the influence of supervisor support, healthy working environment, work-life balance, career opportunities, promotion, proper training and development opportunities are also important for determining employee’s job satisfaction (Neog & Barua, 2014). Factors that lead to highest employee’s job satisfaction are working condition, job security, relationship with co-workers and pay however freedom, relationship with immediate supervisor and promotion are works as lowest satisfaction drives (Tanjeen, 2013).

3. Methodology

3.1 Conceptual Framework

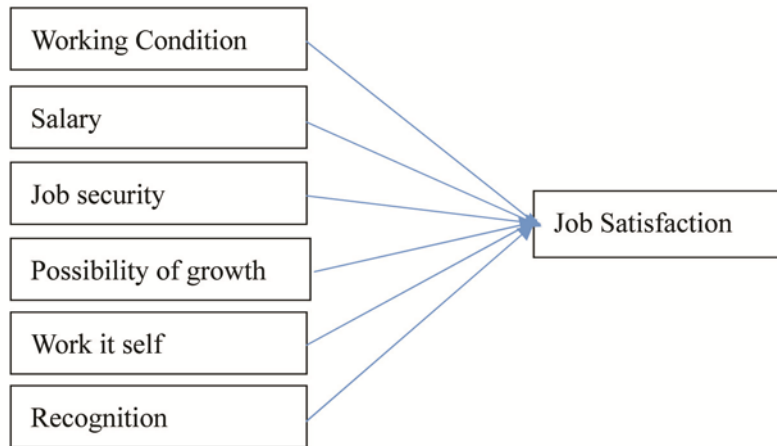


Figure 1. Conceptual framework

3.2 Hypotheses

H1. Working condition has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H2. Employee salary has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H3. Job security has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H4. Possibility of growth has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H5. Work it self has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H6. Recognition has a positive impact on employees' job satisfaction in banking industry in Sri Lanka.

H7. Employee Job satisfaction is equal among private and public banks in Sri Lanka

The study is a basic, qualitative type, cross sectional, comparative study. The population of the study was all employees who are working in both public and private banks in Anuradhapura district, Sri Lanka and out of them 226 employees were selected as sample of the study using stratified sampling technique from Bank of Ceylon, People Bank, National Saving Bank, Sanasa Bank, Hatton National Bank, Sampath Bank, Commercial Bank and Seylan Bank. Data were collected using self-administrated structured questioners. The questionnaire written in both Sinhala and English, was handed over to the employees at their

work places. The questionnaire included a three sections. Section “A” contained eight questions about basic background of the employees and the section “B” consisted with ten questions about overall job satisfaction. The section “C” comprised with twenty eight questions covering six independent variables. The questions of both section A and B were measured on five point Likert scale which varying between strongly disagree to strongly agree where 1 is used to denominate strongly disagree and 5 for strongly agree. Data were analyzed through various statistical tests using SPSS software. Descriptive statistics, correlation analysis and regression tests were applied to find out the answers for research questions.

4. Data Analysis

Study ensured the face and content validity of the questionnaire through the literature survey and confirmatory factor analysis is used to ensure the construct validity. According to the factor analysis, KMO values of all variables were greater than 0.5 and component extracted values also were above the threshold (0.7) level. That evidenced the convergent validity of the data set. The overall Cronbach Alpha of the test was 0.845 and all alpha values of respective variables also were greater than 0.7 indicting a good reliability of the data set.

The descriptive statistics stated that there are 98 Banking Executives, 110 Banking Assistants and 18 Clerical staffs in the sample, out of them 116 belong to government banks and 110 to private banks. The age analysis indicated that most of employees belong to age category of 19-30, the amount was 143. Only 19 respondents were above the age of 51 and rest were in between 31-40 and 41-50 categories. All respondent had qualified General Certificate Examination (GCE) Advanced Level which is the university entrance exam in Sri Lanka. The sample included 86 graduates and 79 undergraduates 27 Banking Diploma holders, out of all 122 respondents were female and rests were male.

Table 1. Descriptive statistic of variables

Variable	Government Bank (Mean)	Private Bank (Mean)
Working Condition	3.3124	3.8925
Salary	3.7500	3.4600
Job Security	4.2440	2.7329
Possibility of Growth	3.2454	3.8980
Work Itself	3.6278	3.1060
Recognition	4.6120	4.0598
Job Satisfaction	4.0110	3.8920

According to the table 1, government bank employees are highly satisfied about their job security (Mean 4.2) and job recognition (Mean 4.6). In addition to that employees have more positive response about their salary (3.75) and the works (Mean 3.6) which they engage in the banks. However, employees have somewhat neutral view about their working conditions

(Mean 3.3) and the possibility of growth (Mean 3.2) in the field. According to the descriptive statistics, private bank employees are highly satisfy about their job recognition (mean 4.0), possibility of growth (Mean 3.8) and working conditions (Mean 3.8). And also, the respondents fairly satisfy about their salary (Mean 3.4) and their works (Mean 3.1). Not like government bank employees, the respondents of private bank stated their dissatisfaction about the job security (Mean 2.7). All the respondents have high level of satisfaction about their jobs.

4.1 Comparative Analysis of Job Satisfaction among Private and Public Banks

Table 2. Comparative analysis of job satisfaction

Sector of employment	Mean	Std. Deviation	T value	Sig.
Government sector	4.0110	.52402	2.148	0.034
Private sector	3.8920	.63439		

The study compared the level of job satisfaction between private and public banks in Anuradhapura District in Sri Lanka. According to the independent sample t-test, the mean job satisfaction of government sector employees is 4.011 and private employees is 3.892, and the sig value of the test is less than 0.05. Evidenced in table 2. It indicated a significant difference of employee job satisfaction between public and private banks. Accordingly the employee job satisfaction of government employees is significantly higher than that of private sector employees in Sri Lanka.

4.2 Correlation Analysis

Table 3. Correlation analysis

Variables	Job Satisfaction	Working Condition	Salary	Job Security	Growth	Work Itself	Recognition
Job Satisfaction	1						
Working Condition	.577**	1					
Salary	.676**	.552**	1				
Job Security	.643**	.702**	.798**	1			
Possibility of Growth	.666**	.642**	.594**	.691**	1		
Work Itself	.738**	.577**	.610**	.654**	.714**	1	
Recognition	.665**	.391**	.533**	.555**	.604**	.647**	1

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

Table 3 indicates the associations between independent variables and dependent variable. According to the table the correlation coefficients of working condition, salary, job security,

possibility of growth, work itself and job recognition with job satisfaction were 0.577, 0.676, 0.643, 0.666, 0.738 and 0.665 respectively. As well the respective sig values of all coefficients were less than 0.05. Accordingly all independent variables have statistically significant positive associations with job satisfaction in banking industry in Sri Lanka.

4.3 Multiple Regression Analysis

The study measured the impact of independent variables on dependent variable through multiple regression analysis. According to the test, R square value of the model is 0.680. It indicated that the 68% variation of the job satisfaction of banking employees in Anuradhapura District, is explained by four independent variables: work itself, recognition, employee's salary and job security. The sig value of ANOVA test is 0.000. It indicated that model is strong enough to explain job satisfaction of banking employees in Sri Lanka.

Table 4. Multiple regression analysis

R ² = 0.680		Adj.R ² = 0.659		F value=	Sig F= .000 ^a
Variables	Unstandardized Coefficients		Std. Error	Sig.	
	B				
(Constant)	.599		.268		.028
Work it self	.635		.101		.000
Recognition	.637		.080		.000
Possibility of growth	.102		.096		.289
Salary	.695		.064		.000
Working condition	.237		.072		.166
Job security	.421		.097		.008
Dependent Variable: Job satisfaction					

According to the regression result, the beta coefficient of work itself, recognition, salary and job security were 0.635, 0.637, 0.695 and 0.421 respectively. All the values were statistically significant at 0.05 percent level. Hence study accepted the hypotheses one, two, four and six. Accordingly, when changing the employee works by one percent it will lead to change employee job satisfaction by 0.635 percent. As well as, when changing job recognition and salary by one percent both will lead to change employee job satisfaction by 0.637 and 0.695 consecutively. On the other hand, job satisfaction of banking employee will change by 0.421 when changing job security by one percent. However, the impact of possibility of growth and working condition on employee job satisfaction were not statistically significant at 0.05 percent level. Hence the study rejected hypotheses three and five. According to the regression result, employee salary has a greatest impact on job satisfaction among other variables.

5. Discussion of the Findings

According to the comparative analysis, employee satisfaction of government banks is significantly higher than the private banks in Sri Lanka. The finding is supported by many

previous studies conducted by Khan & Parveen (2014), G. S. Dangayach (2012), JAIN et al. (2012). This is happened due to two main reasons. The reason one is that higher job security of public sector banking employees than in the private sector banks. Private sector banks do not provide job security and they lay off their employees in cases of poor performance or adverse market conditions (Jha, Gupta, & Yadav, 2008). The second one is stressful performance targets given for private sector bank employees. In a private sector bank, the environment is highly competitive and job security is based on performance and various other factors (JAIN et al., 2012). In Sri Lanka, still people prefer public banks than private banks because of the employees of private banks are given monthly targets as individuals and as a branch to attract more customers through innovative marketing campaigns, resulting many now private banks specially have created a cut throat competition by offering new products and services to gain more market share (JAIN et al., 2012). The process deteriorates the day to day operations of the banks placing a burden on existing employees.

According to the regression result there is a significant impacts of work itself on banking employees' job satisfaction in Sri Lanka. The findings were supported by many previous studies conducted by Mosammod & Nurul (2011), Panghal (2013), Karim et al. (2014). According to the Panghal (2013), employee job satisfaction is closely related to the nature of work employees perform in an organization. Employees prefer to work that is challenging because it gives them opportunities to use their skills and abilities. As well, variety of tasks, employee freedom and feedback of works always satisfy the employee. Determinates such as pay, work itself, relationships with coworkers, supervision and opportunities for promotions have been found to contribute to job satisfaction (Opkara,2002).

As per the regression it is found that there is a significant impact of employee salary on banking employees' job satisfaction in Sri Lanka. The findings were supported by many previous literatures. Siebern-Thomas, (2005) found a statistically significant impact of wage on job satisfaction in European Community Households Panel. Perceived pay and promotion work as most influencing factor of job satisfaction in banking sector (Sowmya & Panchanatham, 2011). Leontaridi & Sloane (2001) shows that low pay workers report higher job satisfaction than do other workers. According to the Borzaga & Depedri, (2005), even in any sector characterized by low average, employees are more satisfied when their wages increase up to a threshold level.

The regression further indicated that there is a significant impact of job recognition and job security on banking employees' job satisfaction in Sri Lanka. The relationship was supported by many previous literatures. Job dissatisfaction of employee's mainly occurs due to absence of work recognition and the benefits that they should be received (Maniram & Dissertation, 2007). Higher job security and work recognition by the society make employee more satisfy about his or her job (Tanjeen, 2013). However, the impact of possibility of growth and working condition on banking employee job satisfaction were statistically insignificant in Sri Lanka. A study conducted by Tanjeen (2013) also found immediate supervisor's support and possibility of growth as lowest satisfaction drives in banking sector. Nevertheless absence of proper workspaces, air quality and temperature, lighting and unfavorable conditions of office environment can have negative influences on employees' satisfaction (Abeywardana &

Wickramasinghe, 2008).

6. Managerial Implication

The result of the study have important implication from both theoretical and empirical perspectives. From theoretical perspective, study extend our understanding about employee job satisfaction in Asian context, Sri Lanka. This would stimulate research interest of scholars in the field. From practical perspectives the study provides following important information for required ones to know-how about the practicability of banking industry.

According to the study result, work itself has ability to influence employee job satisfaction in banking sector. Thus, responsible parties are requested to assign challenging but achievable distinctive works packages with sufficient autonomy to employees. That will make employee more satisfy completing challenging but achievable tasks. On the other hand responsible authorities should make appropriate mechanism to popularize the job position of banking employee in the society. That recognition will stimulate employees to work hard with greater satisfaction. Not only that, findings of the study indicated that employee salary has significant impact on employee job satisfaction in the banking industry. Hence, the management of both private and public banks should distributed profit among employees in a competitive base in accordance with the employee performance. In addition to that, employer should have responsibility to make sure the job security of banking employees midst current economic recession. That will make confidence and employees feel that they are essential for the future development of the organization.

7. Conclusion and Recommendation

The study of factor affecting job satisfaction of banking employee's in Sri Lanka was undertaken with the purpose of identifying and comparing level of job satisfaction among private and public banks. The study selected work itself, recognition, possibility of growth, working conditions, salary, job security as independent variables. Data were mainly collected from both private and public banks in Anuradhapura District, Sri Lanka. According to the findings of the study, both private and public banks employee's job satisfaction was at considerable level and employee who works in public banks shown high level of job satisfaction than private banks in Sri Lanka. Accordingly, study realized the first and second objectives of the research. The multiple regression analysis was conducted to find out factors affecting job satisfaction of banking employees under six directional hypotheses. The regression results indicated statistical significant impacts of work itself, recognition, salary and job security on job satisfaction. Accordingly study accepted hypotheses one, two, four and six. Nevertheless working conditions and possibility of growth shown statistically insignificant with employee job satisfaction in Sri Lanka, hence study rejected hypotheses three and five. Finally study identified employee salary as greatest explanatory variable of employee job satisfaction of banking employees in Sri Lanka. Based on the study findings, it is highly recommended that banks should provide more financial benefits to employee to enhance the level of job satisfaction. In this process, salary increments, allowances, annual bonus and more overtime payments can be used. In addition to that bank should maintains employee job security, provides challenging but achievable work packages and makes job

more recognition to enhance the level of employee satisfaction.

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