

Exploring the relevance of job satisfaction and organizational commitment of employees with respect to banking sector

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Abstract

The objective of the present research was to explore the relationship between employees' job satisfaction and organizational commitment. The study was conducted on a convenience sample of employees at various banks in India. The sample size of the study was 160 employees. Correlation and stepwise regression analyses revealed a number of significant relationships between the two variables. The findings suggest that there is a significant positive relationship between organizational commitment and job satisfaction. Furthermore, result also indicates that there is a positive relationship between affective, continuance, normative commitment and job satisfaction among the employees.

Key words:

Job satisfaction, organizational commitment, affective commitment, normative commitment, continuance commitment

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Introduction

Organizational behavior has highlighted critical variables that are compassionate or damaging to the employee performance and organizational productivity. One of the major challenge organizations are facing today is how to retain the workforce that carry a competitive advantage. Employee trends in banking field have continued to present increased career opportunities for professionals all over the globe and treating their employees as assets for their survival in an organization. Consequently, employers are constantly endeavoring to create an employment brand that is attractive to both existing employees and potential talent, while competing in a "war for talent" (Glen 2006). This has led researchers to emphasize the importance of reviewing the factors that influence individuals' job satisfaction and organizational commitment, as this notion holds true while focusing on quality of human resources that is major factor which contribute significantly to the organizational success (Pohlman & Gardiner, 2000). Organizational

commitment and Job satisfaction are widely studied factors in management literature (Bodla & Danish, 2009; Bodla & Naeem, 2008a; Bodla & Naeem, 2008b; Parker et al, 2005; Allen & Meyer, 1990) which are the precursors of employee's performance.

The main purpose of the present research is to determine the relationship between dimensions of organizational commitment and job satisfaction among the employees working in the Banking sector and to identify which among the three components of organizational commitment (affective, continuance and normative organizational commitment) is the most central driver that relate to job satisfaction.

LITERATURE REVIEW

Job satisfaction

As job satisfaction is a widely researched and complex phenomenon, it follows that there are numerous definitions of the concept. Job satisfaction can be defined as an individual's total feeling about their job and the attitudes they have towards various aspects or facets of their job, as well as an attitude and perception that could consequently influence the degree of fit between the individual and the organization (Ivancevich & Matteson 2002; Spector 1997). A person with high job satisfaction appears to hold generally positive attitudes, and one who is dissatisfied to hold negative attitudes towards their job (Robbins 1993). Spector (1997) explains that for researchers to understand these attitudes, they need to understand the complex and interrelated facets of job satisfaction, as these facet of job satisfaction can be described as any part of a job that produces feelings of satisfaction or dissatisfaction (Spector 1997). This perspective can be useful to organizations that wish to identify employee retention areas in which improvement is possible (Saari & Judge 2004; Westlund & Hannon 2008).

Job satisfaction is an outcome of an individual's perception and evaluation of their job influenced by their own unique needs, values and expectations, which they regard as being important to them (Sempene et al. 2002). Job Satisfaction does not come about in isolation, as it is dependent on organisational Variables such as structure, size, pay, working conditions and leadership, which represent the organizational climate (Sempene et al. 2002). However, if job satisfaction is absent and other work opportunities present themselves, turnover could well increase (Martins & Coetzee 2007). Rothmann and

Coetzer (2002) described that job satisfaction among employees is an indicator of organizational effectiveness, and it is influenced by organizational and personal factors. Most organizations realize that the optimal functioning of their organisation depends in part on the level of job satisfaction of employees, hence the emergence of the statement, “*Happy employees are productive employees*” (Saari & Judge 2004). Consequently, the main purpose of the present research is to find out the relevance of nine facets of job satisfaction, namely: pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of the work and communication on the employees working in the banking sector.

Organizational commitment

The concept of organizational commitment has attracted considerable interest in an attempt to understand and clarify the intensity and stability of an employee’s dedication to the organization (Lumley 2010). Organizational commitment is viewed as a psychological connection that individuals have with their organization, characterized by strong identification with the organization and a desire to contribute to the accomplishment of organizational goals (Meyer & Allen 1997). In the context of the present study, organizational commitment is regarded as an attitude, as it relates to individuals’ mindsets about the organization (Allen & Meyer 1990), involves the following three factors (Maxwell and Steele 2003); strong belief in and acceptance of the organization’s goals and values; a willingness to exert considerable effort on behalf of the organization, and; a definite desire to maintain organizational membership.

Literature indicates that the more favorable an individual’s attitudes toward the organization, the greater the employee’s acceptance of the goals of the organization, as well as their willingness to exert more effort on behalf of the organization (Gbadamosi, 2003). Mathieu and Zajac (1990) believe that developing a better perception of the progression associated with organizational commitment has an effect on employees, organizations and the world in general, as committed employees are better suited to receiving both extrinsic rewards and psychological rewards related to associations. Organizational commitment is generally assumed to reduce abandonment behaviours, which include tardiness and turnover. Moreover, employees who are committed to their organization may be more willing to participate in ‘extra-role’ activities, such as being creative or innovative, which frequently guarantee an organization’s competitiveness in the market (Katz & Kahn 1978).

Meyer and Allen (1991) conceive of organizational commitment as reflecting three core themes, namely affective, continuance and normative commitment. Commitment can be seen as an affective point of reference towards the organization (affective commitment), acknowledgement of the consequences of leaving the organization (continuance commitment), and an ethical responsibility to stay with the organizations (normative commitment) (Meyer & Allen 1991).

Affective commitment refers to the individual's psychological or emotional connection to, identification with and participation in the organization (Meyer & Allen 1997), employees who are affectively committed to the organization will probably carry on working for it because they want to (Meyer & Allen 1991). Continuance commitment is regarded as an awareness of the costs associated with leaving the organization (Meyer & Allen 1997), replicates the individual's awareness or consideration of expenses and threats linked to leaving the organization, continuance commitment is considered to be calculative (Meyer & Allen 1997). Normative commitment can be explained as a sense of responsibility to continue employment with a specific organization (Meyer & Allen 1997). The internalized idea of responsibility and commitment allows employees continued membership that is appreciated by a specific organisation .

The Relationship between Job Satisfaction and Organizational Commitment

Job satisfaction and organizational commitment are regarded as separate constructs. Job satisfaction refers to an emotional state that reveals an affective reaction to the job and the work situation , whereas organizational commitment places much more emphasis on a global reaction (emotional or non-emotional) to the whole organization and it is less impacted by daily events, develops more stability over time than job satisfaction (Mowday, Steers, & Porter, 1979; Sagie, 1998). Literature indicates that there is a strong positive relationship between job satisfaction and organizational commitment. Bateman and Strasser (1984) argued that organizational commitment is an antecedent of job satisfaction, as when employees have a strong commitment to their organization, it will increase their contentment for the organization (Bateman and Strasser, 1984; Bluedorn, 1982a; Williams & Hazer, 1986). In the light of above findings, the following hypothesis can be formulated: -

1. There is a positive relationship between job satisfaction and affective commitment.
2. There is a positive relationship between job satisfaction and normative commitment.
3. There is a negative relationship between job satisfaction and continuance commitment.

RESEARCH METHODOLOGY

The main purpose of the present research is an attempt to empirically investigate the relationship among dimensions of organizational commitment and job satisfaction.

Sample Size and Design

The sample comprised employees working in the public banking Sector (State Bank of India, state bank of Patiala, Allahabad Banks and Bank of Baroda). There were 200 questionnaires were distributed for the research and around 80 per cent (160) respondents were chosen for the study. The sample was selected on the basis of convenience sampling.

Data Collection Form and Generation of Scale Items

To produce a reliable questionnaire, both primary and secondary data were collected. The measures organizational commitment and job satisfaction were drawn from previous studies. A brief discussion of each study variable and its measurement is as follows.

Organizational Commitment

Organizational commitment was measured with the help of 18 commitment scale items by using a seven-point scale ranging from strongly disagrees to strongly agree. Participants rated their agreement with statements such as 'I would be happy to spend the rest of my career with this organization'. The scale scores were obtained by calculating the average of the 18 responses, such that higher scores showed higher organizational commitment. Meyer, Allen and Smith (1993) reported that the reliability coefficients obtained for the scale ranged from 0.74 to 0.83.

Job Satisfaction.

Job satisfaction was measured with the help of three-item scale developed by Camman, Fichman, Jenkins & Klesh's (1983). Participants indicated the extent of agreement with each statement being measured on a 4-point scale (1 = Strongly disagree to 4 = Agree).

RESULT AND ANALYSIS

The demographic profile of the respondents is shown in Table 1.



Table 1: Demographic Profile of Respondents

Variables		Numbers
Gender	Female	70
	Male	90
Education	Graduate	102
	Post Graduate	58
Income	< 10,000	24
	10,000-30,000	56
	>30,000	80
Age	<30 Yrs	65
	>30 Yrs	95

Mean, standard deviation, alpha and correlation of all research variables of all the variables used in the study are given in Table 1. From the table, it is evident that the affective commitment and normative commitment has comparable means but the mean of job satisfaction is slightly low. The continuance commitment has the highest mean of 3.64 and the job satisfaction have the lowest of 3.24 (N=160). Correlation analysis of the research variables indicates that there is positive correlation between affective commitment, continuance, normative commitment and job satisfaction among the employees.

Table 1: Means, SDs, Reliability and Zero-order Correlation Coefficients

	Items	Mean	Sd	Alpha	AC	CC	NC	JS
Affective Commitment	6	3.5	.65	.76	1			
Continuance commitment	6	3.64	.466	.79	.521**	1		
Normative Commitment	6	3.52	.543	.83	.583**	.572**	1	
Job Satisfaction	3	3.24	.393	.81	.443**	.293**	.428**	1

Table No. 2 shows that there is significant positive correlation between continuance, Normative, affective commitment and job satisfaction. This shows that commitment influence job satisfaction.

Table 2: Step-wise Regressions

Model	Variables Entered(IV)	R ²	B	F
Model 1	Continuance commitment	0.20	.44*	78.1*
	Normative Commitment		.35*	
Model 2	Continuance commitment	.24	.22*	81.2*
	Affective commitment		.31*	
Model 3	Affective commitment	.26	.18*	33.46**
	Normative commitment		.15*	

DISCUSSION AND IMPLICATIONS

Researchers have made significant effort to bring to light the attributes in an employee's life that lead to satisfaction toward his/her job. Employees are a crucial part of a flourishing banking system. Though, very little research has appeared on the factors that lead to job satisfaction and also of the subsequent effect of increased job satisfaction on the commitment of an employees working in a banking sector. Therefore, we have sought to address this gap with a study of three dimensions of organizational commitment and job satisfaction in a banking industry. present study reveal that organizational commitment, which has been recognized as an issue of serious concern for employees and employers, is linked to increased job satisfaction.

The study concludes that job satisfaction is a significant predictor of an employee's commitment toward his/her organization. Employees high on job satisfaction are more likely to exhibit greater organizational commitment. Since employees satisfied with their jobs are more likely to be happy and have a stronger will to work hard, they may be more effective and successful in performing their roles. This satisfaction and positive feeling toward one's job further promotes feeling of commitment toward the organization that acts as the very source of such satisfaction.

Therefore, the emotional attachment or commitment of employees with their organization should be encouraged by developing and increase the feeling of achievement that one obtains from one's job.

This has implications for the management of banking sector as employee commitment may have important consequences for the organization. Lack of job commitment will decreased employee involvement with the job, and lower levels of job satisfaction. It may

even result in increased levels of turnover and absenteeism. The cost of turnover to organizations can be high. In such a scenario, management needs to spend considerable amount of time in order to deal with issues related to employee turnover.

The lack of job satisfaction influences the physical and emotional conditions of the employees. There is growing evidence that job conditions may be eroding job satisfaction thereby directly damaging physical and mental health of employees. Lowered levels of job satisfaction results in unhappy workers, which in turn is likely to influence employee performance leading to reduce employee productivity. This may further cause a greater sense of job satisfaction. While happy workers would turn up more often to work as they enjoy it, a dissatisfied worker would try to remain absent from work to avoid it. Such dissatisfied workers are also more likely to leave the organization. As a result, employee turnover leads to skilled employee shortages and affects organizational commitment. Lowered organizational commitment further has implications for organizational outcomes comprising loyalty, intention to leave, and job performance.

Conclusion

This study measures the influence of organizational commitment on job satisfaction with a sample of 160 employees from four different public banks. Job satisfaction is a dependent variable and organizational commitment is an independent variables. It had been hypothesized that organizational commitment will positively influence job satisfaction. This study indicates significant positive relationship between organizational commitment and job satisfaction. In the competitive business scenario, the employees in service sector, particularly the banking sector, will have to play a vital role.

The implications of the study for the banking industry, in general, and baking industry, in particular, are as follows:

- In order to retain clients, the banking sector should focus on keeping the employees happy by providing motivating jobs and through better relationship with their superiors.
 - It is essential to define the job of employees properly to raise the level of commitment among the employees.
 - There should be updation of practice and policies which will keep employees updated
- To conclude, the job satisfaction requires good understanding of the job itself and proper involvement of the employee's efforts to make them committed and satisfied.

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