

IMPACT OF JOB SATISFACTION ON ORGANIZATIONAL COMMITMENT IN BANKING SECTOR EMPLOYEES OF PAKISTAN

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ABSTRACT: *The purpose of this study was to empirically investigate the impact of job satisfaction on the organizational commitment of banking sector employees. Survey questionnaire was used to collect the data from the employees working in the banks of different cities of Punjab, Pakistan. Respondents were selected through convenience sampling. Regression and correlation analyses revealed that job satisfaction in banking sector employees has significant positive impact on organizational commitment. Recommendations for future research and practice were presented too.*

Keywords: Job Satisfaction, Organizational Commitment, Banking Employees, Pakistan

1. INTRODUCTION:

Immense competition is now the most influential attributes of business world. Organizations, which are well developed and managed, are able to sustain the pressure of the competition. Human resource is the capital for the organization [1]. Banks are showing this trend. Human resource management is a vast field. It performs various functions (Recruitment, Selection, Compensation, HRP etc.). The challenge is to hire a motivated, satisfied and more committed employee [2].

Organizations see employees as an important investment and they need to be managed well through strong and affective motivation [3]. Financial institutions are more inclined towards coaching the employees to make them acquaintance with the problem solving ability. This helps enhance the employee commitment with the banks [2].

Satisfaction and organizational commitment are both largely researched topics. Job satisfaction and commitment of employees towards organization are the imperative concepts that directly affect the profitability and competitiveness of the organization in the market [4]. Job satisfaction concepts have gained popularity for organizations as well as researchers [5]. According to [6], term job satisfaction was first defined as it is a blend of emotional, psychological, physical, substantial, ecological and environmental situations and conditions that makes a person to state that he/she is contented, satisfied and fulfilled with his job". Job satisfaction is the consequence of interaction among individual employee's standards, principles and his / her sensitivity and insight towards job and work atmosphere and surroundings [7].

Organizational commitment is the issue which is gaining an importance over the years. Management and owners are very much concerned about the organizational commitment of employees [4]. Commitment of employees towards the organization is gaining wide importance and directly affects the performance of individual employee with in the organization [8,9,10,11 & 12]. If individuals are committed towards the organization they definitely work and achieve better and even outperform their co-workers and help gain

an organization a more competitive position and brings more profitability.

1.1 Need/Gap/Rationale of Study:

Banking sector institutions are considered to be more stressed sector than any other sector in Pakistan [4]. Employees have to work long hours in the banks. There is also an inefficient use of the technology that causes an employees' lack of commitment and satisfaction towards organization and work [4]. A number of researches have been done over the world on organization commitment, but there are very few researchers who have done researches on this concept on the employees of Pakistan especially of banking sector employees [4]. Therefore, this study is destined to check how satisfaction impact to enhance the employees commitment towards their organization in banking sector employees of Pakistan.

1.1.1 Problem Statement:

Organizational commitment can be enhanced by many factors especially with the job satisfaction. Being the more stressed sector, banking sector employees' commitment with the organization through job satisfaction in Pakistan, will be analyzed to see the direction and impact of job satisfaction on organizational commitment.

1.1.2 Research Questions:

How Job Satisfaction impact and influence Organizational Commitment?

2. Literature Review:

2.1 Job Satisfaction:

When there happens an interaction between employee perception, insight, observation and view about job and working environment and that employees own values, principles and ethics that employee experience a higher satisfaction towards job. It is also defined as emotional and sentimental belonging of an individual employee with the organization, as stated by [13]. Satisfaction towards job is a sentimental and affecting reaction of a person employee towards job and work environment that arises from the experience of that particular job. A pleasing, enjoyable or constructive arousing condition consequences from the

assessment of an individual's job and work experience is called as job satisfaction as found by [14].

Employee who has an exciting connection and affection with the organization has to feel higher job satisfaction as found by [15]. He reported that job satisfaction also an optimistic constructive emotional sentiments. It is actually a difference between what one's expectations from job are and what one's get from that job in reality.

It is found by [16] that individuals who are more satisfied with their experience of job and organizational environment are more expected to show a higher time span with that organization. With higher job satisfaction employees shows a low absentees and higher attendance as evidenced by the [17]. Employees with higher job satisfaction show low absentees and work regularly to bring about higher achievement for the organization and for their individual goals [17].

2.2 Organizational Commitment:

Organizations see employees as an important investment and they need to be managed well through strong and affective motivation [3].

Commitment can be defined as a force that helps connect, combine and attach an individual to the way of accomplishment that is important to the appropriate aim, goal and objective [18]. They are of the view that it is essential for the organizations to help increase the sense of belonging of an employee towards the organization to achieve the aim and purpose of the organization.

It is the need of time to learn more about the employee commitment towards the organization. Organizational commitment can help predict the goals, objectives, enhance productivity and decrease absenteeism and turnover in any organization [13]. Similarly, according to [19] commitment has an encouraging influence on productivity, and competitiveness. These are aware of the importance of the organizational commitment to achieve the objectives, goals, enhanced productivity, quality, competitiveness and also lower absentees and turnover. Those organizations having higher employee commitment tend to achieve a higher productivity.

There were vast studies conducted on organizational commitment. Researchers like [20] and [11] and practitioners show a higher trend toward studying the organizational commitment. It's accepted by many authors that organizations goals and objectives are meet by the employees at a greater pace than those employees who have lower organizational commitment. As found by number of researchers including [20] and [8] employees who shows higher commitment towards organization are more probable to stick with the company and struggle towards duty, objectives and goals of the organization.

Many authors have defined organizational commitment. According to [16] organizational commitment is the extent to which employee experience loyalty to the organization". Another author [14] defined organizational commitment as an approach sparkly depicting individual employee devotion and faithfulness to their association and is an continuing procedure and method with which organizational members articulate and state their apprehension for the

organization and its continual accomplishment, achievement and happiness. Organizational commitment also involves employee emotional attachment towards the organization which helps them to work hard for the organization to make it more competitive and successful. This fact is studied by [21] organizational commitment is a sense of belonging of an employee towards organization and he/she identifies, consider and become more familiar with the norms and moral values and principles of that specific organization.

Answer to Research Question "How Job Satisfaction impact and influence Organizational Commitment?" can be addressed through following literature

Job Satisfaction and Organizational Commitment:

Job satisfaction is an important predictor of organizational commitment [22]. Many authors have researched their relationship, [23] focused on job satisfaction and work motivation to determine the employee commitment for an organization. According to them job satisfaction has the stronger impact on the organizational commitment than by the work motivation. The increased commitment will result in the fast accomplishment of the organizational objectives [23]. [24] also found that organizational commitment can be strongly predicted by job satisfaction and it is reported that the job satisfaction and organizational commitment are positively associated with each other. According to him organizational commitment and job satisfaction enhance each other with in any organization. His finding supported the result obtained by [25] which leads outcome that higher satisfaction leads to higher organizational commitment. Similarly, [16] reported his finding that job satisfaction results in an increased performance and organizational commitment which leads to the success of the organization. [19] found that employees who have higher commitment with the organization tend to be more satisfied. It means that the higher satisfaction leads to higher organizational commitment.

Hence, the research hypothesis can be stated as:

Hypothesis # 01: Job Satisfaction has significant positive impact on Organizational Commitment.

3. Theoretical Framework:

[23] focused on job satisfaction and work motivation to determine the employee commitment for an organization. Similarly, [25] also stated that higher satisfaction leads to higher organizational commitment.



Fig-1: Proposed Hypothesized Model

Therefore, this study is taking satisfaction as independent variable and employee commitment as a dependent variable.

4. Research Methodology:

This study used a convenience sampling to select the respondents from the Banking sector of Pakistan. Both males and females employees of different banks in Dera Ghazi Khan, Okara and Lahore were contacted to get the first hand information regarding *the research study. Personal visits to the banks were planned to collect the data and also postal service was used to send the questionnaire. Standard instruments developed by [26] for organizational*

commitment and [27] for job satisfaction were used. These variables were measured on a seven-point Likert Scale, 1=strongly disagree to 7=strongly agree. There were 7 items for **Job Satisfaction**, 20 items for **Organizational Commitment**. Reliability of questionnaires was checked through Cronbach’s Alpha. Correlation and regression analysis was used to test the research hypothesis.

5. Empirical Finding:

5.1 Reliability Analysis:

Table-1 Reliability Analysis		
Constructs	No. of Items	Cronbach’s Alpha
Job Satisfaction	7	.814
Organizational Commitment	20	.874

Reliability analysis was done through using Cronbach’s Alpha. Table-1 shows that job satisfaction and organizational commitment has the Cronbach’s Alpha greater than 0.707, a cut off that was suggested by [28] & [29] as reported by [30]. Therefore, Cronbach’s Alpha for job satisfaction and organizational commitment has highly acceptable range.

5.2 Respondent Profile:

Table-2 Respondent Statistics				
	Gender	Age	Experience	Education
Mean	.73	2.21	2.06	2.00
Standard Deviation	.446	.776	.908	.783

Table-2 depicts the respondent profile including mean and standard deviation for respondents’ gender, age, experience

Table-3 Correlation		
	Organizational Commitment	Job Satisfaction
Organizational Commitment	Pearson Correlation	1
	Sig. (2-tailed)	
	N	89
Job Satisfaction	Pearson Correlation	.698**
	Sig. (2-tailed)	.000
	N	89

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

This finding is consistent with the findings of [22,24] that satisfaction is an important predictor of organizational commitment. Similarly this study has showed that there exists a positive relationship among job satisfaction and organizational commitment which is the consistent with the findings reported by [25,19] that states that the more satisfied employees have the high organizational commitment. Therefore, this finding leads us to accept the hypothesis that states “*Job Satisfaction has significant positive impact on Organizational Commitment*”.

5.4 Regression Analysis:

Regression analysis section includes the regression analysis between independent variable (job satisfaction) and dependent variables (organizational commitment).

Table-4 Model Summary			
R Square	Adjusted R Square	Std. Error of the Estimate	
.488	.482	.60982	

a. Predictors: (Constant), JS

b. Dependent Variable: OC

and education. Mean value .73 for gender shows that there were more male respondents than female respondents. Similarly, mean value 2.21 indicate that the average age of the respondents was between 26-30 years as value 1 was coded for 21-25 years, 2 for 26-30, 3 for 31-35 and 4 for 36-40 years respectively.

For experience, 0 was coded against experience below 2 years, 1 for 3<years<5, 2 for 6<years<8 and 3 for 9<years<11. Mean value 2.06 for experience also indicates that respondents were having job experience between 6 and 8 years. For education, 1 was coded for 14years of education, 2 for 16years, 3 for 17years, 4 for 18years and 5 for 19years. Mean value of 2 indicates that respondents were having education level of 16years.

5.3 Correlation:

This section includes the statistics about the relationship among the variables. Through Pearson correlation, correlation analysis was done.

Table-3 shows that the job satisfaction and over all organizational commitment are highly positively significantly correlated .698, resulting in the finding that the job satisfaction and organizational commitment are positively correlated and increase in one variable increases the other variable.

Table- 4 reflects that value of Adj R²=48.2% depict that how much variability is explained by the dependent variable organizational commitment in independent variable job satisfaction.

Table-5 Coefficients				
	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
(Constant)	2.220	.305		7.288 .000
Job Satisfaction	.548	.060	.698	9.101 .000

a. Dependent Variable: OC

Table-5 shows that the coefficient for constant is 2.220, and for job satisfaction is .548. It is clearly shown from table-5 that these coefficients are significantly related with the variable. This table also shows that increase in job satisfaction increase the organizational commitment and/or vice versa.

7. CONCLUSION

There exists a significant relationship among independent variable (Job Satisfaction) and independent variables (Organizational Commitment). Correlation matrix also showed a significant positive correlation between job satisfaction and organizational commitment. Regression analysis also shows a positive relationship between job satisfaction and organizational commitment. This finding reveals that there exists a positive relationship between job satisfaction and organizational commitment among employees of banking sector of Pakistan.

This study has the major limitation that the convenience sampling was used. A random sampling can be used to generalize the findings.

8. Recommendation:

Future Researchers can judge the performance of the employees to see how satisfied and committed employees can perform better in different sectors of Pakistan.

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