

Does Employee Satisfaction (ES) lead to Employee Commitment (EC)? Scenarios of Private Sector banks

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ABSTRACT

The study examines the degree of employee satisfaction from the different factors that affect employee commitment. Basically, the relationship between the factors of job satisfaction and employees commitment on private sector bank employees is examined. In order to achieve the objectives of this study, the survey was conducted using a structured questionnaire. The sample size consists of 143 banks employees of different branches of a leading private sector bank in twin city of Odisha i.e. Cuttack and Bhubaneswar. The research instrument of content and construct reliability and validity was tested. Data were analysed using Frequency distribution, Factor Analysis, Structural Equation Modelling and Regression analysis. This study shows that job satisfaction is inherently interwoven with organisational commitment. Since organisational commitment has a direct impact on employee retention, performance and organisational behaviour, it is essential to meet the required conditions for its existence.

KEYWORDS: Employee Satisfaction, Employee Commitment, Bank Employees, Performance.

INTRODUCTION

The modern business environment, being particularly dynamic, requires new techniques for achieving competitive advantage. In accordance with Zeygaridis and Stamatiadis (1997), the creation of an excellent climate of cooperation with employees is a precondition for reaching a business's final objectives. Therefore, the satisfaction of employees is considered an important factor in the success of the organisation, since employees is perhaps the most important component. Businesses appreciating these factors and making proper use of their collected data may shape the economic and working conditions governing their operation, placing greater emphasis on relations with the employees (Terzidis and Tziwrtzakakis, 2004; Bontis et al., 2011). Many surveys have been conducted in the last decade for job satisfaction in the Greek private sector, highlighting the relationship between employee satisfaction and organizational commitment. In fact, the creation of employment captive workers has proven to be the organization's most difficult task to achieve. The outcome of various surveys has shown that work engagement is positively associated with organizational results, such as the low rate of resignations, high organizational commitment, high financial and business organizational performance (Salanova et al., 2005; Steger et al., 2013; Saari and Judge, 2004).

JOB SATISFACTION

Job satisfaction reflects the general attitude of employees towards the work, whether they are happy with their profession or their work (Porter et al., 1975). In particular, employees job satisfaction highlights the degree of identification of personality and the needs of the employee with the characteristics of the working environment (Wanous and Lawler, 1972; Holland, 1996), while connected to the mental health of workers, profitability and satisfaction (Spector, 1997). Also, employee's job satisfaction has a positive impact on running a business, becoming a major factor in the emergence of well-functioning working conditions. At the same time, it plays an important role in gaining and maintaining competitive advantage under the appropriate leadership style (McGrath and MacMillan, 2000), as an increase in performance provides quality service and products, faster service and creates long-term partnerships, ensuring sustainability and development (Bontis et al., 2011). However, the negative or positive critical assessment is directly related to the mood and emotional situation in which the worker exists at a given time, the prevailing working conditions, as well as the requirements of the connection work and expectations (Bush and Middlewood, 2005).

EMPLOYEES COMMITMENT

Employee's commitment towards organisation is considered as one of the most important attributes, as is the power between the businesses internal and external environment that represents the extent to which the employee feels a part of the business. Additionally, as an extra factor, the correlation between personal and organizational objectives and values is given by Ghorbanhosseini (2012). At the same time, organizational commitment is determined with regard to the psychological condition of the worker, in which is characterized the relationship of an employee with the company, leading to a strong belief in the values of the business, intention to pay significant effort for the achievement of objectives, as well as a desire for continued cooperation (Meyer and Allen, 1991; Liden et al., 2000). Organizational commitment directly influences performance, as well as the development of organizational behavior (Meyer and Herscovitch, 2001).

DATA ANALYSIS

Table 1: Demographic Profile of the Private Sector respondents (N=143)

Items	Frequency	Percent	Cum. Percent
Sex	Male	97	70
	Female	46	30
	Others	0	0
	Total	143	100
Marital Status	Married	91	60
	Unmarried	52	40
	Total	143	100
Age	Below 25 yrs	48	30
	26–40 yrs	62	40
	41–50 yrs	26	20
	50 yrs and above	7	10
	Total	143	100
Current Position in the Organisation	Supervisory	27	19
	Assistant manager	42	29
	Deputy Manager	25	18
	Manager	40	28
	Others specify	9	6
	Total	143	100
Qualification	Below graduate	5	4
	Graduate	35	25
	Post graduate	37	26
	Professional degree	66	45
	Total	143	100

	Below 5 lakhs	65	46	46
	5 - 10 lakhs	54	38	84
Annual Income	10 - 20 lakhs	15	11	95
	20 lakhs and above	9	5	100
	Total	143	100	

Source: developed from the survey data

Out of the total respondents, majority of the respondents are male (70 percent) and few are females i.e. 30 percent. In marital status of the sample respondents, majority of the employees are married (60 percent) and 40 percent are unmarried respectively. Similarly, in age, maximum of the employees are coming in the age group of 26 to 40 years (40 percent) and then coming in the age group of below 25 years (30 percent). Few of sample respondents are coming in the age group of 41 to 50 years (20 percent) and 50 years and above (10 percent).

Majority of bank sample bank employees are in assistant manager level (29 percent) followed by manager (28 percent). Few are in the position of deputy manager (18 percent) and supervisory level (19 percent).

Further, in qualification level of employees, majority of the respondents are having professional degree (45 per cent) and then coming post graduate which constitute around 26 per cent and graduate 25 per cent respectively.

In annual income, majority of the respondents are having income below 5 lakhs (46 percent) and then coming between 5 to 10 lakhs (38 percent) followed by 10 to 20 lakhs (11 percent). Few of the respondents are having annual income of 20 lakhs and above (5 percent).

Reliability Analysis of Employees Satisfaction (Private Sector Bank)

For measurement of Employees Satisfaction (ES) in Private Sector bank, nineteen variables are taken. To test the reliability of the 19 variables Cronbach's Alpha has been used.

Table 2 : Reliability Analysis of Employees Satisfaction (Private Sector Bank) (N=143)

Sl.	Particulars	Mean	Std. Deviation	Cronbach's Alpha	Combined Cronbach's Alpha	N of Items
ES1	I love to do the job as they are very interesting and challenging	4.17	1.003	0.823	0.835	19
ES2	The work environment helps me to give the best	3.98	1.502	0.830		
ES3	The attitude of superior towards me makes me feel secure and encouraging	3.94	1.289	0.840		
ES4	Workload is evenly distributed	4.09	1.404	0.831		

ES5	My job gives me a feeling of personal accomplishment	3.82	1.499	0.842		
ES6	I am able to lead a happy and peaceful life	3.84	1.320	0.821		
ES7	I am satisfied with my standard of living	3.62	1.373	0.832		
ES8	I feel proud being an employee of bank	4.13	1.186	0.851		
ES9	Bank helps me to maintain a good social status	3.97	1.353	0.821		
ES10	Bank's pay structure and pay scales are good	4.10	1.092	0.841		
ES11	Incentives, bonus and all allowance scheme are also very attractive	4.08	1.190	0.815		
ES12	Promotion policies are very good and effective	4.06	1.179	0.824		
ES13	Promotion policy is implemented timely	3.95	1.218	0.844		
ES14	All good jobs are recognized and awarded	3.83	1.343	0.832		
ES15	Employees at their work place are encouraged to work as a team	4.15	1.332	0.842		
ES16	I do not face trouble in getting leave from work	3.50	1.453	0.841		
ES17	My managers are good decision makers	4.00	1.337	0.833		
ES18	I rarely feel exhausted at work	3.59	1.344	0.820		
ES19	The performance appraisal system is fair	3.61	1.695	0.826		

Source: developed from the survey data (Primary)

Further, the Cronbach's Alpha value of each items (19) and combined is coming above 0.8, which indicated good consistency of the variables used for the measurement of Employees Satisfaction (ES) for private sector bank. After reviewing of the reliability Table 2, it can be concluded that the items used in the questionnaire are internally homogenous and consistent (Cronbach's alpha value >0.8). At the same time, all items that validated the questionnaire were good.

Therefore, all the variables in the questionnaire used for the study of ES are significant for the study.

Factor Analysis of Employees Satisfaction (Private Sector Bank)

The factor analysis was applied to 19 variables related to views of Employees Satisfaction of Private Sector bank employees. KMO value of factor analysis is coming 0.857, which indicates that factor analysis is reliable to be done for these 19 variables which is also cross validated by significant value of Bartlett's test of sphericity i.e. 0.000.

Table 3: KMO and Bartlett's Test of Employees Satisfaction (Private Sector Bank)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.857
Approx. Chi-Square		3951.881
Bartlett's Test of Sphericity	df	171
	Sig.	0.000

Source: developed from the survey data (Primary)

As authored by Kaiser (1974), if KMO value lies between 0.8 and 0.9 are great for factor analysis. For these data, the value is 0.857, which falls into range being great. This represents, factor analysis is significant and appropriate for these data.

Table 4: Total Variance Explained of Employees Satisfaction (Private Sector Bank)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.628	55.937	55.937	10.628	55.937	55.937	6.104	32.126	32.126
2	1.968	10.358	66.295	1.968	10.358	66.295	3.800	19.999	52.125
3	1.277	6.723	73.018	1.277	6.723	73.018	3.108	16.358	68.483
4	1.133	5.964	78.982	1.133	5.964	78.982	1.995	10.498	78.982
5	0.799	4.206	83.188						
6	0.650	3.423	86.611						
7	0.568	2.990	89.601						
8	0.455	2.395	91.996						
9	0.418	2.199	94.195						
10	0.346	1.820	96.014						
11	0.224	1.179	97.193						
12	0.165	0.870	98.063						
13	0.140	0.736	98.799						
14	0.115	0.603	99.402						
15	0.048	0.252	99.654						
16	0.038	0.200	99.854						
17	0.019	0.101	99.955						
18	0.006	0.032	99.987						
19	0.003	0.013	100.000						

Extraction Method: Principal Component Analysis.

Source: developed from the survey data (Primary)

The total variance explained table shows that all the 19 variables used for the measurement of Employees Satisfaction (ES), are reduced to four different factors which explained around 78.982% of the total variance.

Out of the four reduced factors, 1st factor explaining about 32.126% of the variance. The 2nd factor explains about 19.99%, 3rd factor 16.358% and the 4th factor 10.498% of the total variance. In combine, the entire 4 factors explain about 78.982% of the total Variance.

Table 5: Rotated Component Matrix (Employees Satisfaction of Private Sector Bank)

Sl.	Particulars	Component			
		1	2	3	4
ES1	I love to do the job as they are very interesting and challenging			0.844	
ES2	The work environment helps me to give the best	0.780			
ES3	The attitude of superior towards me makes me feel secure and encouraging	0.736			
ES4	Workload is evenly distributed	0.791			
ES5	My job gives me a feeling of personal accomplishment			0.875	
ES6	I am able to lead a happy and peaceful life	0.780			
ES7	I am satisfied with my standard of living	0.689			
ES8	I feel proud being an employee of bank	0.790			
ES9	Bank helps me to maintain a good social status	0.658			
ES10	Bank's pay structure and pay scales are good		0.777		
ES11	Incentives, bonus and all allowance scheme are also very attractive				0.797
ES12	Promotion policies are very good and effective		0.736		
ES13	Promotion policy is implemented timely		0.850		
ES14	All good jobs are recognized and awarded		0.727		
ES15	Employees at their work place are encouraged to work as a team				0.622
ES16	I do not face trouble in getting leave from work			0.869	

ES17	My managers are good decision makers	0.698			
ES18	I rarely feel exhausted at work	0.741			
ES19	The performance appraisal system is fair	0.694			
Extraction Method: Varimax with Kaiser Normalization.		Principal Component Analysis.			

Source: developed from the survey data (Primary)

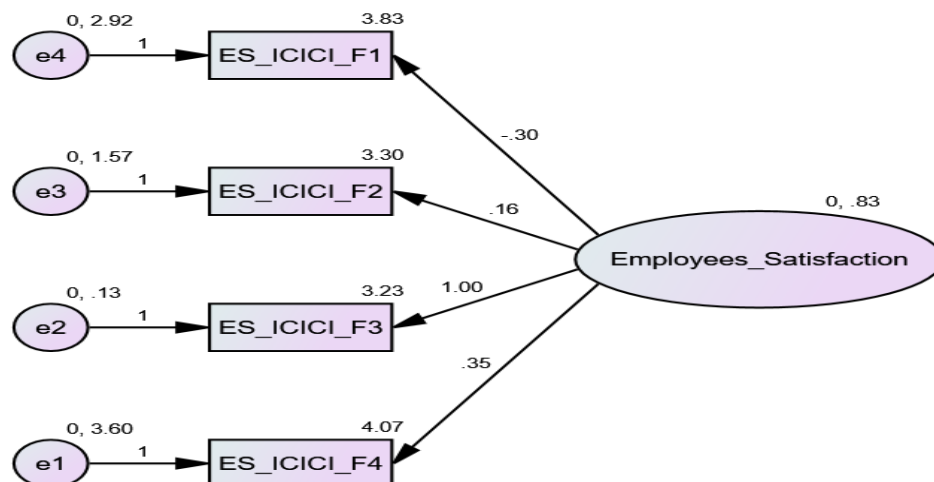
All the 19 variables of employees satisfaction are reduced to 3 factors. We have extracted the factors through varimax method and through principal component analysis where the eigen value is greater than 1. Variable 2, 3, 4, 6, 7, 8, 9, 17, 18 and 19 constitute factor 1 with new name as “**Social Status and living Style**”. Similarly, variable 10, 12, 13 and 14 defined as factor 2 with new name as “**Pay Structure and Promotion**”. Further, variable 1, 5 and 16 constitute factor 3 named as “**Challenging and Personal Accomplishment**” and the variable 11 and 15 constitute factor 4 named as “**Incentives and Team work**”.

Table 6: New factors of Employees Satisfaction (Private Sector Bank)

Factors	Variables	Name of the factor
ES_F1	2, 3, 4, 6, 7, 8, 9, 17, 18 and 19	Social Status and living Style
ES_F2	10, 12, 13 and 14	Pay Structure and Promotion
ES_F3	1, 5, and 16	Challenging and Personal Accomplishment
ES_F4	11 and 15	Incentives and Team work

Source: developed from the survey data (Primary)

Structural Equation Model (SEM) of Employees Satisfaction (Private Sector Bank)



ES(ICICI)_F1: Social Status and living Style; ES(ICICI)_F2: Pay Structure and Promotion; ES(ICICI)_F3: Challenging and Personal Accomplishment; ES(ICICI)_F4: Incentives and Team work

Fig.1: SEM of Employees Satisfaction (Private Sector Bank)

Table 7: Summary SEM results of Employees Satisfaction (Private Sector Bank)

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 2.494	0.909	0.091	0.905	0.911
Degrees of freedom = 2		RFI		
Probability level = 0.000		0.910		

Source: developed from the survey data (Primary)

CFI: Comparative fit index; **RMSEA:** Root Mean Square Error of Approximation; **NFI:** Normed fit index; **GFI:** Goodness – of-fit; **RFI:** Relative fit index

The above table shows the model fitness structured by SEM regarding experience on employee’s satisfaction of private sector bank. It was observed that all the measures were associated with their respective constructs. The fit of the model was examined and verified, that each indicator loaded significantly with its intended construct. In the SEM model, Chi-square = 2.494, df = 2, $p < 0.001$, CFI=0.909, GFI=0.905, NFI=0.911, RFI = 0.910, RMSEA=0.091, provided a good fit to the data (Browne and Cudek, 1993; Hu and Bentler, 1999).

Table 8: Regression Analysis of factors (Employees Satisfaction of Private Sector Bank)

Particulars	Estimate	S.E.	C.R.	P Label
ES_F3 <--- Employees Satisfaction	1.000			
ES_F2 <--- Employees Satisfaction	0.159	0.376	0.423	***
ES_F1 <--- Employees Satisfaction	0.299	0.690	0.433	***
ES_F4 <--- Employees Satisfaction	0.349	0.803	0.434	***

Source: developed from the survey data (Primary)

The above tables shows the results of regression model derived through SEM. As shown in the above table, all the p value of the contributing variables related to Employees Satisfaction of private sector bank factors was accepted since the significant value of p is coming *** (< 0.05). The path analysis reveals that - regression weights of the above model is structurally fitted. Further, all the contributing variables to the factor (**Employees Satisfaction**) are statistically significant and contributing to the SEM. Out of the four independent derived factors, the factor “**ES_F3(0.927)**:Challenging and Personal Accomplishment is contributing maximum towards Employees Satisfaction. Since estimated value of the regression weights is coming highest.

Rating the impact of ES on EC

Table 9: Rate the impact of ES on EC Bank

Sl.	Particulars	Frequency	Percent	Cumulative Percent
1	Not at all Effective (1)	6	4	4
2	Ineffective (2)	10	7.0	11.0
3	Moderately Effective (3)	16	11.0	22.0
4	Effective (4)	16	11.0	33.0
5	Highly Effective (5)	95	66.0	99.0
Total		143	100.0	

Source: developed from the survey data

The above table shows, the rate of impact of Employees Satisfaction (ES) on Employees Commitment (EC) by the bank employees (private sector). Majority of the respondents gives it is highly effective (66.0 percent) then coming effective

(11.0 percent). This reveals that, there is an impact of ES on EC.

Private Sector Bank

Hypothesis: Employee Satisfaction (ES) significantly affects Employee Commitment (EC) in private sector banks in Odisha.

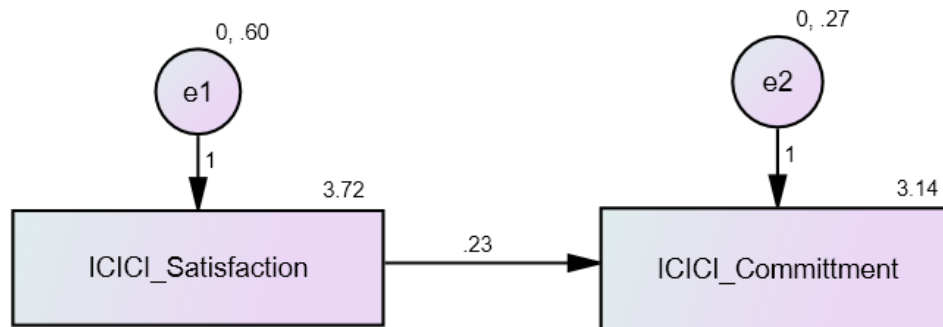


Fig.2: Employee Satisfaction (ES) and Employee Commitment (EC) in bank

Table 10: SEM results of Employee Satisfaction (ES) and Employee Commitment (EC) in bank

Particulars	CFI	RMSEA	GFI	NFI
Chi-square = 5.11	0.901	0.125	0.880	0.877
Degrees of freedom = 0.00	RMR	GFI		
Probability level = 0.000	0.076	0.899		

Source: developed from the survey data

For the test of employee's perception towards ES on EC in Bank, confirmatory factor analysis through AMOS was used to test the observed variables associated with their respective constructs. In the model, chi-square value is coming 5.11, df = 0.00, $p < 0.001$, CFI=0.901, GFI= 0.880, NFI= 0.877, RMSEA= 0.125, provided a good fit to the data. This reveals, each variable loaded significantly, since p-values are less than 1 per cent ($p < 0.01$).

Regression Analysis (ES on EC of private sector banks)

Table 11: Path coefficients (ES on EC of Private Sector Banks)

Particulars	Estimate	S.E.	C.R.	P Label
Employees Commitment <--- Employees Satisfaction	0.231	0.040	5.794	***

Source: developed from the survey data

The path coefficient through SEM of employees satisfaction of bank on employee commitment is coming positive (0.231~0.23). This reveals that there is a positive low degree of impact of employee satisfaction on employee commitment since the estimated coefficient value is coming 0.231 ~ 0.23. This proves the hypothesis that 'Employee Satisfaction (ES) significantly affects Employee Commitment (EC) in private sector banks in Odisha'.

Table 12: Regression Weights (ES on EC of Private Sector Banks)

Particulars	Estimate	S.E.	C.R.	P Label
Employees Satisfaction	3.717	0.046	80.897	***
Employees Commitment	3.139	0.151	20.749	***

Source: developed from the survey data

The above table represents the regression weights of SEM of employee satisfaction and employee commitment through maximum likelihood estimates. Both the parameter/ factor is coming significant since the significant value of t-test (C.R.) is coming 0.000 (p label = ***). Out of the two factor, employee satisfaction is coming higher coefficient (3.717) than employee commitment (3.139) though both contributing positive and significant.

CONCLUSION

The primary objective of this study was the investigation of the effect of employee job satisfaction on organisational commitment, in a leading private sector banks of Odisha. As a result of the analyses, it is understood that job characteristics such as objectives, instructions, etc., are the most important factor in employee satisfaction, followed by work conditions and social aspects of the job. On the other side, employees are not so satisfied with payments and promotion opportunities.

This study focused on the private sector on two city only, so future researchers may investigate the relationship between job satisfaction and organizational commitment in other sector. The recording and recognition of employee proposals for being more satisfied is another subject of research arising from this study.

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