

## Employees Satisfaction in Public and Private Banking Sector of Pakistan

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**Abstract:** The purpose of the study is to investigate the level of employee's satisfaction in public and private banking sector of Pakistan. Satisfaction of Employee is increase by increase in Reward and Motivation. In this study we collected the data from National Bank of Pakistan (NBP) and United Bank Limited (UBL). We used survey questioner for collection of the data, which consist of 12 questions and Likert scale. Study revealed that employee satisfaction level is higher in private banks as compared to the public banks of Pakistan, because more rewards (tangible and intangible) are given in private banks due to which employees are more satisfied. Another reason of employee satisfaction level in private banks is their motivation. They are more motivated than employees of the public sector banking.

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**Key words:** Employee Satisfaction, Banking Sector, Reward, Motivation, Pakistan.

### Introduction

Bank is an organization usually a corporation which performs following function receive demand deposit and time deposit, honor instruments draws on them and pay interest on them, discounts notes, makes loans, invest in securities, collects cheques, drafts and notes certifies, depositors checks, and issues drafts and cashier checks .In Pakistan almost 40 banks are present among them some are public which are owned by government, and some are private which run to make a profit and owned by group of individual. All these banks plays a vital function in financial structure and other important part associated with banks, their employees which are considered as backbone, because physically structured banks maintained by human resource that allow the delivery of goods and services (Kaleem, 2010), As the competition increases in service sector, there is the great challenge for banking sector to satisfy their employee by motivating them and by giving rewards on their performance (Farooq, 2010).No bank can work without its employees which are the main source of delivering of goods and services to their valuable clients. Outstanding services, attitude, energy level of employees can create good impact and positive depiction in the mind of bank's clients, so if any banks want to deliver quality services, first thing which it has to do is to satisfied its employees and motivate them, so they give their best and play their role, because individual motivation of a bank employee plays a major role in achieving high level satisfaction among its customers (Petcharak, 2004). Banks employee's satisfaction, truthfulness, communication and encouragement make sure the liking of customer. But country like Pakistan there is a great differences in satisfaction

level of employees of public and private banks, although public banks are paying good salary to their employees but money is not only enough for keeping their morals high, there are many other factors which are required for motivating employees, for example good working environment is very important, employees feel comfortable to work in friendly environment, attitude of executives effects performance of workers, but unfortunately we have seen that in public banks officer are very rude and not genuine to teach juniors due to which people prefers private banks, because the focus on employees input to the organization and organization's input to employees (Puwanenthiren, 2011). Building a reward system to make employees feel valued .Another thing which is lacked in public banks is that they do not give trainings to their employees, while private banks arranged training programs trips to foreign countries for their employees, so that they learn and adopt new technology capable of facing challenges take new inventiveness to manage yourselves, carry on to find out fresh skill and be receptive to company or a business needs. Workforce also waits for their organization to offer market competitive salary, secure functioning condition as well as flaxen behavior, but public banks are not fulfilling these conditions because of unfair political system due to which there is great interference of politicians in banks, and employees can't work according to rules, they have to obey instruction of these non-sincere politicians, this sort of working environment force employees to move to private banks, where there is opportunity of growth for them and chance to get appreciation of their work .Other big difference between these private and public banks is that there is no limitation of experience in private banks, they

welcome fresh graduate to give their services to bank and utilized potential of youth and respect the talent, because main purpose of these banks is to make profit for which job satisfaction policy is main tool, which attract a lot of employees to move to these private banks and therefore. Main aim of the study is to appraise the job satisfaction of employees, both in private and public banking sector of Pakistan, to discover the differences in term of growth, social environment, compensation, opportunities, security, and opinion of job and social environment of the job. Our focus is also to determine or to find out the difference between public banks and private banks in the following terms such as human resources policies and practices.

### Literature review

#### Employee satisfaction

Study comparison between the private and public banking sector in terms of job satisfaction level, and they conclude that satisfaction level of their employees are different, private bank employees are highly satisfy, as compared to the public bank employee with social growth and job satisfaction. But they are also concluding that public bank employees are highly satisfied in context of security of job as compare to the private banking sector, and present the satisfiers and dissatisfiers components related with job (Shrivastava and Purang, 2009).

Study conducted in Pakistan that compare the private and public bank employees and their job satisfaction related to their job, and discussed the factors that are highly concerned to employees, regarding their satisfaction and define the factors that are security, organizational operation, working condition, incentives and rewards and this study conclude that private bank employees are satisfied with their work, management and job position (Ahmad and Nasir, 2011).

Another study assess the work happiness of banking officers in Bangladesh and conclude that private bank employees are highly satisfied, because they have a supportive work environment and benefit from superior services, facilities and enrich work experience that is the most significant aspect that effect the satisfaction of job and overall the satisfaction of employees are at positive level (Islam and Saha, 2000).

The climate of an organization is positively linked with the job satisfaction and commitment with the organization. The greater the organizational positive climate the higher will be the organizational commitment as well as higher will be the job satisfaction (Bhutto and Laghari, 2012).

Another Study conducting on U.A.E banking sector and measures the core job dimension lying on

job performance and satisfaction and core jobs proportions are expertise variety, job uniqueness, job importance, self-sufficiency and response. Results suggest that both public and private banks in U.A.E benefited by considering the impact of work plan and by teaching its employees to get the required expertise and added value in terms of employee performance (Awamleh, 2007).

Studied the happiness level of workforce of state owned bank and schemes and found there is fewer possibility for plumb growth that amplified job disappointment .In comparison of job secure environment, stability and welfare policies that increased job satisfaction(Sharma and Bajpai, 2011).

Measure the affiliation among occupational stress and work happiness discovered that physiological pressure amplified work happiness secondly mental hassle significantly correlated with job satisfaction and not decreased the job satisfaction. Prove that work-related tension does perform as fractional determinant of work satisfaction (Ismail and Yunus, 2009).

Study reveals that leader effect the subordinate job satisfaction level, commitment and productivity because it influence the behavior of subordinate and shape the behavior to achieving the organizational goals and they show positive relation between them (Voon and Ayob, 2011).

#### Motivation

Study conducting in Kohat commercials banks Pakistan, and following variance are explained by predictor variables such as payment, promotion, recognition in criterion and use variable employee motivation, the data was collect through questioner and their result conclude that from the following independent variables promotion has a huge impact in elucidation discrepancy in employee work enthusiasm of focus area (Kaleem and Farooq, 2010).

Findings from this study revealed that employees are unmotivated when communications are missing between management and their subordinates, and also conclude that if employees are unmotivated then turnover, carelessness, absenteeism and resource waste in organization become increase. Because employees are motivated by different things and also revealed that money is not enough to motivate employees (Deborah, 2010).

This paper investigate the motivational factors which covers intrinsic and extrinsic factors and shows that motivational factor and sharing knowledge among bank employees are the main factor of organizational success. This research provides basic information for banks that how they motivate their employees and engage in knowledge sharing practices (Tan and Lim, 2010).

**Employee satisfaction and Motivation:**

Motivational factor play important role in increasing employee satisfaction, and satisfied employees performance become increases, this study uses the Herzberg, hygiene and motivational theory to define the relationship between motivation and employee satisfaction (Shaukat and Usman, 2010).

Motivation plays important role in increases the organizational effectiveness and helps to predict the performance and satisfaction of employees and also revealed that money is not all things to increase the motivation but we focus on individual personnel needs (Lther and Jain, 2005).

This study shows the relationship between motivation and employee satisfaction and focus on employee's motivation, recognition, and empowerment that lead towards employee satisfaction. Organization must make the structure and policies that give space to the employee's then organization will grow (Manzoor, 2011).

**Rewards:**

Study focus on total rewards that are given in United Kingdom public banking and private banking sectors and define total rewards that not only include pay but also the pension and other rewards. outcome recommend that overall reward is steady over the lifecycle for the men while women have a clear total reward advantage in the public sector by the end of their career (Danzner and Dolton, 2011).

This paper evaluates the relationship among motivation and rewards, and also defines the association between employee's motivation and employee's demographics such as age, gender, income, education, salary level, and job knowledge. Result of this paper suggest that there is positive relationship between motivation and rewards, when reward is amplified by 1 units motivation is better by 0.546 and also show that one of the most important factor for the motivation of the employee's is salary as compared to any other variables (Maria and Saqlian, 2011).

The study investigates whether rewards and recognition have an impact on employee motivation. A biographical and work motivation questioner was administrated to respondents. Results revealed that staff, employees from non-white racial background experienced lower level of rewards and motivation (Prateepkanth, 2011).

**Employee satisfaction and Rewards:**

In this study nine Human Resource Management dimensions are taken such as compensation, staffing and selection, career safety, job development, guidance, training and

improvement, managing approach, career plan and responsibility reward and motivation. This study reveals that all employees of Bangladesh private bank employees are not equally satisfied most of the employees are dissatisfied with compensation, remuneration and packages so these dimension are need to improve for the success of bank (Majumder, 2012).

Study investigate the job happiness intensity of workforce in Pakistan province of Punjab, and results discovered that employee of privates banks are more happy due to the high pay, rewards, functioning hours, as compare to the public banks human resources but the employee of public bank sectors are more satisfied in the job security (Khalid and Irshad, 2010).

Paper also explore the connection between job satisfaction and rewards, and also defines the moderating cause of maturity levels, and their results revealed that rewards are highly influencer towards job satisfaction and age difference also effect the satisfaction it increases as the age rises (Rehman and Lashari, 2010).

**Theoretical framework:****Employee satisfaction**

Job satisfaction is defined as an individual positive emotional reaction to particular job. Today in technical era man spend most of time in work therefore job satisfaction is very important to achieve desired goals, because if man is not fully satisfied with job or task assign to him then how he can give his best. So we can say that job satisfaction is an affective reaction to a job that results from the person's comparison of actual outcome with those that are desired, anticipated or deserved. This job satisfaction is affected by both outside and inside environment of the organization like job propose affect the job happiness, if job is rich in behavioral elements feedback response this leads to job satisfaction .every factor of the organization environment and system add value to detract from career satisfaction (William, 2000), besides this many other factors contribute to job satisfaction like pay, work itself, supervision, relationship with coworkers, chances of promotion have been set up to contribute to job satisfaction(Opkara, 2002), every organization has its own plan to satisfy its employees in order to achieve long term employment.

**Motivation**

Motivation is originates from the Latin word 'move' which means goal directed behavior. Motivation gives purpose aim a meaningful direction. Motivation consists of intrinsic motivation, which is self-generated and means employees are motivated to

work because of the work and other extrinsic motivation which is generated by outside stimulus such as reward factor all that create energy in employees which forces them to work with full potential and be committed to a particular job and help in achieving goals (Shrivastava, 2009). Motivation has influence on organization performance and effectiveness, therefore every organization should understand its importance and also determine how their motivation can bring good results, so we can say that if any organization is working to satisfy their customer it is also necessary that organization also put efforts on identify the motivational factors that enhance the outcomes of their personnel (Shafiq, 2009).

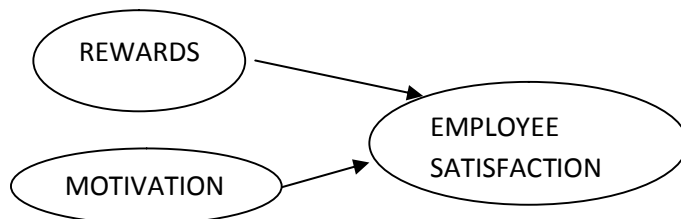
### Reward

Reward is appreciation of work this reward may be of two types (Hassan, 2011).

- Financial reward (bonus, salary, incentives, commission,)
- Non-financial reward (opportunity, skills, promotion, training, meaningful work)

Reward structure seeks out to create a center of attention of employee's to joins the banks to maintain them impending to do job and motivated them to achieve elevated level employees feel that they are value by the organizations that they are working for .they also encourages to put an extra efforts and do the tough and improved, if they are attentive towards that their value is consider sincerely by their owner and their profession and personality growth are also being honored and take care by their organization therefore organization must give reward to their Employees

If they want to be successful organization, this is only by the employee's satisfaction and commitment. Then customers will trust that organization (Khan, 2010).



Dependent variable is employee satisfaction and independent variable is rewards and motivation and we wants to check the effects of these independent variables on the dependent variable. We developed the hypotheses on the basis of this relationship.

### Hypotheses

**H1:** Rewards is associated with employee satisfaction.

**H2:** Motivation is associated with employee satisfaction.

### METHODOLOGY

#### Data Collection:

We collect the data from public and private bank and public bank is National bank of Pakistan and private bank is united bank of Pakistan. We use the questioner to fulfill the purpose of our study and it is distributed in hr department of these banks that is located in Karachi. We use the Likert scale (agree, disagree, neutral) and take the sample of 50 from NBP and 50 from UBL and do the non-probability sampling.

These questioners are developed by Joran Beel in 2007.

#### Questioner

##### Job satisfaction

- 1) I am satisfied with job opportunity that is provided in organization.
- 2) My workload is reasonable.
- 3) I am satisfied with recreational activity provided by bank.
- 4) Deadlines are realistic.

##### Motivation

- 5) Supervisor encourages growing and learning new skills that are used in organization.
- 6) Organization or supervisor celebrates employee performance when he or she is successful.
- 7) Allow to participate in decisions making.
- 8) Supervisors face to face talk with employees.

##### Rewards

- 9) Rewards are given on employee performance.
- 10) Rewards can create creativity if creativity is rewarded.
- 11) Money helps satisfying needs.
- 12) Rewards help to communicate performance, standards and expectation.

### Results

#### United Bank Limited:

The results indicate that average 65 % of employees were satisfied with their job while 28.75% were dissatisfied with their job. On the variable of employee motivation 77% average employees were motivated while 15 % were not. On the issue of rewards, 71.25 % (average) were satisfied while 17.5 were dissatisfied.

**Employee satisfaction**

Question	Agree	Disagree	Neutral
I am satisfied with job opportunity that is provided in organization.	80 %	15%	5%
My workload is reasonable.	50%	45%	5%
I am satisfied with recreational activity provided by bank.	70%	20%	10%
Deadlines are realistic.	60%	35%	5%

**Motivation**

Question	Agree	Disagree	Neutral
Supervisor encourages growing and learning new skills that are used in organization.	70%	25%	5%
Organization or supervisor celebrates employee performance when he or she is successful.	85%	10%	5%
Allow to participate in decisions making.	60%	20%	20%
Supervisor face to face talk with employees.	95%	5%	0%

**Rewards**

Question	Agree	Disagree	Neutral
Rewards are given on employee performance.	80%	15%	5%
Rewards can create creativity if creativity is rewarded.	75%	20%	5%
Money helps satisfying needs.	60%	10%	30%
Rewards help to communicate performance, standards and expectation.	70%	25%	5%

**National Bank**

The results indicate that average 42.5 % of employees were satisfied with their job while 47.5% were dissatisfied with their job. On the variable of employee motivation 20% average employees were motivated while 72.5 % were not. On the issue of rewards, 55 % (average) were satisfied while 40 were dissatisfied.

**Employee satisfaction**

Question	Agree	Disagree	Neutral
I am satisfied with job opportunity that is provided in organization.	40%	50%	10%
My workload is reasonable.	70%	20%	10%
I am satisfied with recreational activity provided by bank.	20%	70%	10%
Deadlines are realistic.	40%	50%	10%

**Motivation:**

Question	Agree	Disagree	Neutral
Supervisor encourages growing and learning new skills that are used in organization.	10%	80%	10%
Organization or supervisor celebrates employee performance when he or she is successful.	20%	70%	10%
Allow to participate in decisions making.	10%	90%	0%
Supervisor face to face talk with employees.	40%	50%	10%

**Rewards**

Question	Agree	Disagree	Neutral
Rewards are given on employee performance.	20%	80%	10%
Rewards can create creativity if creativity is rewarded.	80%	20%	10%
Money helps satisfying needs.	90%	10%	0%
Rewards help to communicate performance, standards and expectation.	30%	70%	10%

## Discussion

The results of the distributed questionnaire show a varied response and huge difference between National bank and United Bank Limited. As we can see that in UBL, 65 % of employees were satisfied with their job, reasons for which that majority of the employees think that they receive good opportunities for the promotion and personal growth and development. Bank also provides good recreational facilities for them. They also think that deadlines they receive are reasonable. The employees of UBL are highly motivated, they think that their supervisors encourage them when they learn new skills; organization recognizes their good performance in form of ceremonies and official rewards. Also they noted that they are involved in the decision making. When upper management makes any decision, lower level employees are involved in it. They are invited in meetings and their feedback is taken when making decision, and there is an atmosphere of open communication. Also employees noted that their supervisors talked to them face to face, this encouraged employees and they feel that they are part of organization and the organization values them and takes care of them. On the issue of rewards, employees noted that organization rewards employees on the basis of performance, and they also perceive that rewards can encourage creativity in the organization. But not all employees think that money is the only reward that can satisfy the need of the employee they think that rewards other than money are also important in satisfying the needs.

Now talking about the national bank, 42.5 percent was the satisfaction of employees out of hundred, reasons was that employees think that they don't receive good opportunities for growth and development. An important point here is that they think that the workload they have is reasonable. When the point of motivation comes, their motivation level was very low. Main reasons for that is, employees think that they their supervisors don't encourage if they learn new skills and abilities and they are not allowed to participate in decision making. The upper management makes the most decision that are completely one sided, they don't involve employees in making decisions. On the issue of rewards, 20 % think that the rewards are based on performance. 90 % of the employees think that monetary benefits are the most important and they perceived that monetary benefits are the most influential.

## Conclusion

Comparing the national bank and United Bank Limited, we can see that there is huge amount of difference in motivation of employee. Employees of

national bank are highly de-motivated, which also reduces their satisfaction with the job. The reason is that their performance is not given recognition; they are not involved in decision making. Rewards in national bank are not given on individual basis; rather they are based on branch basis. So the individual performance is not rewarded which reduces their level of satisfaction with the job. So we conclude that employees of United Bank Limited are highly satisfied as compared to the employees of National bank. So in the end we can see that when employees are not satisfied with the rewards, employees are less satisfied. While in United Bank Limited, when employees are highly satisfied with their rewards, their satisfaction level also increases. When motivation of national banks employees is fallen, the satisfaction level also falls, so both our hypothesis are accepted.

## Suggestions and Recommendations

Following are the suggestion and recommendations for the National bank:

- The bank should create an environment of open communication.
- Employee feedback must be encouraged in the decision making.
- Performance of the employee should be officially recognized.
- Rewards should be given on individual performance based rather than branch based.
- The upper level management should have face to face communication with the lower employees so that they may feel valued.

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