

Employee Satisfaction - A Comparative Study of Public Sector Banks

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Abstract

Employee satisfaction is critical to the long term health and success of the organization. A high rate of employee contentedness is directly related to a lower turnover rate. Now, more than ever, organizations need to engage employees. The rapid market change, disruptive technologies, and all the other opportunities available to key talent have forced organizations to reexamine the connections between business performance, leadership, and employee satisfaction. Thus, keeping employees' satisfied with their careers should be a major priority for every employer.

Employee satisfaction is a measure of how happy workers are with their job and working environment. This paper deals with determining the extent of employee satisfaction in Public Sector Banks with respect to the HR practices. Further, an attempt has been made to compare the extent of employee satisfaction on the prevailing HR practices of four Public Sector banks (PSBs).

Key Words: *Employee Satisfaction, Public Sector Banks (PSBs), HR Practices.*

INTRODUCTION

An employee who has no interest in his or her field, or the position in which he or she begins in a job, may initially put forth his or her best effort. However, this employee will often become bored with the work because there is no intrinsic motivation to succeed. Finding the daily job mundane reduces the individual's desire to show up to work and to do the job well. In this case, the employee may continue to come to work, but his or her efforts will be minimal. Hence, the employee will search for another position that offers financial security which he or she seeks from the job characteristics that challenge appropriately; thus increasing the initial company's turnover rate (Koslowsky & Krausz, 2002). Dissatisfaction with the job may arise, when the work environment fails to have any flexibility or any source of amusement for the employees; the tone of the business will become stressful or tedious (Kaye & Jordan-Evans, 1999). Lack of communication in the workforce is a major contributor to dissatisfaction. This is usually the result of managerial staff that is isolated and does not know how to relate to their employees on a personal or professional level (Branham, 2005). Employees want to know that their employers recognize their

achievements in the workplace. They need to feel appreciated, as workers and as people (Branham, 2005). Often organizations become more focused on production and revenues, rather than with their own employees, or even their customers. If an employee fails to see a future with an organization, the desire to work, to deliver results diminishes. Employers who under-compensate know that the employees will work hard for minimal pay, and these employers will compensate accordingly (Timpe, 1986). At the same time, the same employers will pay more to other employees who are not willing to work for minimal compensation. Compensation disparity leads to dissatisfaction because eventually the hard worker will notice that he or she is not being compensated fairly for the amount of work they are doing, and will begin searching for another organization that will appreciate his or her efforts. Finally, failure to provide employees with opportunities to grow within the organization results in employee frustration. Barriers within the company may prevent some employees from reaching their full potential (Branham, 2005). Organizations that do not provide sufficient training opportunities for employees are also doing themselves a disservice. These organizations are missing out on employees who are dedicated to their companies,

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knowledgeable in their fields, with sufficient training, and have potential to do well in higher positions.

The paper attempts to determine the extent of employee satisfaction in Public Sector Banks w.r.t. six main determinants. It also tries to identify the areas which otherwise are ignored while discussing about employee satisfaction. Further an attempt has been made to comprehend and compare the extent of employee satisfaction in four Public Sector Banks (PSBs) i.e. State Bank of India, Punjab National Bank, Bank of India, and Bank of Baroda.

LITERATURE REVIEW

Argyris (1964), Likert (1961) and McGregor (1960) suggested that the way employees experience their work would be reflected in organizational performance. The Human Relations perspective posits that satisfied workers are productive workers as stated by Likert, (1961) & McGregor, (1960). Thus, organizational productivity and efficiency is achieved through employee satisfaction and attention to employees' physical as well as socio-emotional needs. Human relation researchers further argue that employee satisfaction sentiments are best achieved through maintaining a positive social organizational environment, by providing autonomy, participation, and mutual trust (Likert, 1961).

Frederick Reichheld's "The Loyalty Effect," (1996) and James Heskett, W. Early Sasser, and Leonard Schlesinger's "The Service Profit Chain" (1997) produced the first sets of hard data quantifying these links. Both studies conclude that there are direct and quantifiable links between customer service variables (such as satisfaction and loyalty), employee variables (such as satisfaction, enthusiasm, loyalty, commitment, capability, and internal service quality), and financial results.

Research has shown that there may be many environmental features that can be created and maintained to give employees satisfaction. Pay and benefits, communication (Brewer, 2000; Wagner 2000), motivation, (Kirby 2000) and leisure time (Rabbit 2000) all seem to play a part as to whether employees are satisfied, according to studies.

Sears used an "employee-customer-profit chain" to analyze aggregated data from 800 stores, finding that employee attitudes towards their company and their jobs lead to positive employee behaviors toward customers. Sears found that a five percent increase in employee satisfaction drives a 1.3 percent in customer satisfaction, which results in 0.5

percent increase in revenue growth. At the Royal Bank of Canada, 40 percent of the difference in how customers view its services can be linked directly to their relationship with bank staff. PNC Bank Corporation found an 84 percent correlation between branches and their levels of customer satisfaction and employee satisfaction.

Price Waterhouse Coopers reported in April of 2002 that 47 percent of surveyed executives from multinational companies cite employee satisfaction and decreased turnover as major contributors to long-term shareholder return.

RESEARCH OBJECTIVES

The objectives of the study are as follows:

1. To understand the extent of employee satisfaction towards the various determinants of performance appraisal.
2. To comprehend the extent of employee satisfaction towards job satisfaction factors.
3. To study the employee satisfaction towards organizational climate.
4. To examine the extent of employee satisfaction towards training and development facilities.
5. To analyze the employee satisfaction towards monetary and non-monetary factors.

RESEARCH DESIGN AND METHODOLOGY:

The study is exploratory in nature as it investigates the area and provides insights into understanding the problem. A questionnaire on employee satisfaction of HR practices was used to collect the responses of people working in PSBs. Four major Public Sector banks (PSBs) were identified—State Bank of India, Punjab National Bank, Bank of India, and Bank of Baroda. Simple Random sampling technique was employed to collect the data. A sample of 300 employees was taken from different branches of Delhi region of which 75 each from Punjab National Bank, Bank of India, State Bank of India and Bank of Baroda were surveyed.

The questionnaire consisted of two sections. First section consisted of the demographic profile of the respondents. Second section dealt with six major parameters affecting employee satisfaction and the extent of satisfaction onto these parameters. These were: performance appraisal, job satisfaction, organizational climate, training and development, monetary factors and the non-monetary factors. The data was analyzed with the help of measure of central tendency (specifically mean).

DATA ANALYSIS AND RESULTS:

Demographic profile of the respondents

The sample size was of 300 employees from PSBs. Out of which 75 each from State Bank of India, Punjab National Bank, Bank of India, and Bank of Baroda was taken. Out of this 32 percent were officers and remaining 68 % were clerks. 40 % of respondents had an experience of 0-10 years and 60 percentage employees had served for 11 years and above.

Parameters for employee satisfaction

In order to gain an insight into the parameters that affect employee satisfaction, literature review was employed and six prominent areas on HR practices were outlined, further their extent to employee satisfaction was sought. They are *performance appraisal, job satisfaction, organizational climate, training and development, monetary factors and the non-monetary factors*. Each of these major areas had a number of item statements and each respondent was asked to indicate the degree of satisfaction or dissatisfaction on each of the item statement on a five point Likert's scale. With the opinion indicated as 'highly satisfied' has been assigned a weight of 5. The resultant tables depicting each determinant corresponding to each of the selected PSBs is shown below:

On the perusal of table 2 regarding employee satisfactions towards performance appraisal, following observations were made:

- **Mechanisms that help in developing potential for the next rung of jobs:** PNB employees were more satisfied (Mean: 4.00) while SBI employees were least satisfied (Mean: 3.26) with the presence of adequate mechanisms for development of their potential for next rung of jobs. The satisfaction level of employees of Bank of India and Bank of Baroda lie between those of PNB and SBI employees.
- **Well defined promotion policies:** Again PNB employees were most satisfied (Mean: 4.20) with the transparency and presence of promotional policies as compared to other three banks. SBI employees rated lowest for this parameter.
- **Effectiveness of Appraisal system:** PNB employees rated highest (Mean: 3.70) for the effectiveness of the appraisal system adopted by their bank in providing a

fair idea of what is being expected of them, whereas the employees of other three banks gave relatively similar rating to this parameter.

- **Usage of rewards to raise motivation level:** SBI employees were more satisfied (Mean: 4.02) with the provision of rewards (including non-financial) in their bank to raise their motivation level in comparison to other three banks. PNB employees rated lowest (Mean: 3.44) for this parameter.

Overall, the employees of PNB were most satisfied (Mean: 3.835) with the performance appraisal system followed by their bank, when compared to other banks.

On the perusal of table 3 regarding employee satisfactions towards job satisfaction parameter, the following observations were made:

- **Retention practices adopted:** The employees of Bank of India were most satisfied (Mean: 4.22) with the retention practices adopted by their bank in retaining best people in the organization in comparison to other three banks.
- **Optimum utilization of abilities and skills:** Employees of all the four banks were neutral and gave relatively similar rating for their optimum utilization of abilities and skills by their respective banks.
- **Provision of growth opportunities:** Employees of Bank of India were most satisfied (Mean: 4.12) while employees of SBI were least satisfied (Mean: 2.72) with the provision of growth opportunities by their banks. The satisfaction level of employees of PNB and Bank of Baroda lie between those of Bank of India and SBI employees.
- **Career path/ career ladder provided by the organization:** Bank of India employees were more satisfied (Mean: 4.22) while SBI employees were least satisfied (Mean: 3.22) with the provision of career ladder being provided by their respective banks. The satisfaction level of employees of PNB and Bank of Baroda was between those of Bank of India and SBI employees.
- **Maintenance of internal and external consistencies by the organization in salary structure:** Employees of Bank of India were most satisfied (Mean: 4.30) while employees of SBI were least satisfied (Mean: 3.34) with

the maintenance of internal and external consistencies by their respective banks in their salary structure while the satisfaction level of employees of PNB and Bank of Baroda lies between those of Bank of India and SBI employees.

- **Contribution of organizational culture in enhancing performance of employees:** Employees of PNB (Mean: 3.92) and Bank of India (Mean: 3.98) were satisfied with the presence of organizational culture in enhancing their performance, whereas employees of SBI and Bank of Baroda were neutral.
- **Efficiency and effectiveness of performance management system:** The employees of PNB were more satisfied (Mean: 3.60) with the extent of efficiency and effectiveness of performance management system adopted by their bank in comparison to the other three banks.
- **Presence of mutual understanding among organizational members:** Employees of PNB and Bank of India were highly satisfied (Mean: 4.46) with the presence of mutual understanding among organizational members, whereas employees of SBI and Bank of Baroda gave a lower rating of satisfaction for the same parameter.

Overall, the employees of Bank of India were most satisfied (Mean: 4.06) with the job satisfaction factor followed by their bank, when compared to other banks.

On the perusal of table 4 regarding employee satisfactions towards organizational culture, the following observations were made:

- **Extent of commitment to growth and development by organization as well as employees:** Employees of all the four banks were less satisfied with the opportunities provided by their organizations towards their growth and development.
- **Extent of sharing of respect within organizational members:** The employees of Bank of India were more satisfied (Mean: 4.32) with the extent of sharing of respect within the organizational members as compared to other banks. The employees of SBI were least satisfied (Mean: 3.46) with the same parameter.

Overall, the employees of Bank of India were most satisfied (Mean: 4.012) towards the organizational

culture factor followed by their bank, when compared to other banks.

On the perusal of table 5 regarding employee satisfactions towards training and development, the following observations were made:

- **Up gradation of technical knowledge and skills through training provided by the organization:** All the employees of various banks opined that they were less provisions made by their organizations for constant training and skill up gradation. Amongst the four banks the employees of Bank of Baroda had higher level of satisfaction (Mean: 2.90).
- **Incorporation of methods for learning and implementing creative ideas:** Employees of all the four banks gave relatively a similar opinion regarding the extent of satisfaction (Mean: 2.65) in incorporation of methods for learning and implementing creative ideas by their respective banks.
- **Continuous evaluation and improvement in training programs:** Bank of Baroda employees were satisfied (Mean: 3.04) while SBI employees were least satisfied (Mean: 2.58) with the provision of continuous evaluation and improvement in training programs adopted by their respective banks. The satisfaction level of employees of PNB and Bank of India was between those of Bank of Baroda and SBI employees.
- **Encouragement and support to self-learning environment in the organization:** PNB employees were satisfied (Mean: 3.32) with the encouragement and support to the self-learning environment provided by their bank in comparison to employees of other banks. Employees of SBI were least satisfied (Mean: 2.88) with provision on this parameter in their bank.
- **Participation of employees in determining their training needs and skills to be acquired:** SBI employees were highly satisfied (Mean: 4.28) when compared to employees of other banks for their participation in determining the training needs and skills to be acquired by them. Bank of India employees rated this parameter as the lowest with Mean 2.60.

Overall, the employees of Bank of Baroda were satisfied (Mean: 3.192) towards the training and development factor followed by their bank, when compared to other banks.

After the examination of table 6(a) regarding employee satisfactions towards monetary factors, the following observations were made:

- **Satisfaction from salary structure:** Employees of all the four banks were fairly satisfied with their salary structure and gave relatively a similar rating to the factor.
- **Grant of retention bonus:** SBI employees were highly satisfied (Mean: 4.38) while Bank of India employees were less satisfied (Mean: 3.54) with the provision of grant of retention bonuses in their respective banks. The satisfaction level of employees of PNB and Bank of Baroda lies between those of SBI and Bank of India employees.
- **Provision of timely allowances:** Bank of India employees were more satisfied (Mean: 4.14) while SBI employees were less satisfied (Mean: 3.06) with the provision of timely allowances by their respective banks. The satisfaction level of employees of PNB and Bank of Baroda lie between those of SBI and Bank of India employees.

Overall, the employees of PNB were most satisfied (Mean: 3.91) towards the monetary factors provided by their bank, when compared to other banks.

On the perusal of table 6(b) regarding employee satisfactions towards non-monetary factors, the following observations were made:

- **Frequent provision of job rotation in the organization:** Employees of all the four banks were satisfied to a lower extent and have shown a similar rating on the provision of job rotation system of their respective banks.
- **Continuous emphasis on training needs by the organization:** Employees of PNB and Bank of India were dissatisfied (Mean: 2.70) towards the continuous emphasis on training needs by their respective banks, whereas employees of SBI and Bank of Baroda were most satisfied on this parameter.
- **Presence of adequate award and reward system in the organization:** Bank of Baroda employees were highly satisfied (Mean: 4.36) while PNB employees were less satisfied (Mean: 2.94) with the presence of adequate award and reward system in their respective banks. The

satisfaction level of employees of Bank of India and SBI lie between those of Bank of Baroda and PNB employees.

- **Frequent employee attitude surveys undertaken by the organization:** Employees of all the four banks were satisfied with the provision of employee attitude surveys of their respective banks.

Overall, the employees of Bank of Baroda were most satisfied (Mean: 4.005) towards the non-monetary factors followed by their bank, when compared to other banks.

The combined means of all the four banks has been taken to understand the employee satisfaction towards the HR practices adopted by the various banks. It has been observed that Bank of Baroda (3.59) leads the pack, followed by Bank of India (3.55), SBI (3.48) and PNB (2.94) which ranks last amongst all the banks undertaken for the study.

CONCLUSION

In the dynamic business world, competition is inevitable. Climbing to the top is relatively easy than staying at top with banks being no exception. The advent of private banks has resulted in customers choosing them over the public sector banks and this has also resulted in the PSBs making the changes in their functioning. On most occasions, employers often disregard the costs associated with unhappy employees, seemingly believing that these employees are stuck in their current positions and will tolerate unpleasant working environments. This, however, is not the case. Management should have a positive effect on, and should seek to support the happiness of the firm's employees. Reasons for this are not solely to benefit the employees as organization also stands to gain from employee satisfaction.

Though for the PSBs, retention might be a small problem but performance and profitability of organizations are large issues. Dissatisfied employees affect the organization's business and profitability. Many reasons for employee dissatisfaction are well within the control of the firm and good management practices will enable organizations to diminish, or remove those reasons. Hence it becomes all the more imperative for them to sustain their growth. The growth can be undertaken through its people, their development, and retention. New initiatives for performance appraisal measurement, training and development methods

and better compensation techniques can enhance satisfaction and improve performance. Satisfied employees will work harder for the company and plan to stay, perform, deliver and contribute to the growth of the banks.

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Table 1 : Profile of Respondents

	VARAIBLE	DATA/SAMPLE	PERCENTAGE (%)
Organization	State Bank of India	75	25%
	Punjab National Bank	75	25%
	Bank of India	75	25%
	Bank of Baroda	75	25%
Respondents Job Title	Officers	96	32%
	Clerks	204	68%
Tenure/ Experience	0-10 years	120	40%
	11 years & above	180	60%

Table 2 : Extent of employee satisfaction towards performance appraisal

PARAMETER	Punjab National Bank(MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Mechanisms that help in developing potential for the next rung of jobs	4.00	3.50	3.26	3.62
Well defined promotion policies	4.20	3.86	3.74	4.00
Effectiveness of Appraisal system	3.70	3.62	3.56	3.68
Usage of rewards to raise motivation Level	3.44	3.36	4.02	3.96

Table 3 : Extent of employee satisfaction towards job satisfaction factor

PARAMETER	Punjab National Bank (MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Retention practices adopted	4.04	4.22	4.16	4.02
Optimum utilization of abilities and skills	3.12	3.44	3.32	3.56
Growth opportunities provided	3.92	4.12	2.72	3.14
Career path/ career ladder provided	4.08	4.22	3.22	3.30
Maintenance of internal and external consistencies in salary structure	4.08	4.30	3.34	3.56

Table 4 : Extent of employee satisfaction towards organizational culture

PARAMETER	Punjab National Bank (MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Contribution of organizational culture in enhancing performance of employees.	3.92	3.98	3.24	3.42
Efficiency and effectiveness of performance management system	3.60	3.34	3.20	3.22
Presence of mutual understanding among organizational members	4.46	4.46	3.06	3.16

Extent of commitment to growth and development by organization as well as employees.	3.44	3.96	3.38	3.52
Extent of sharing of respect within organizational members	4.18	4.32	3.46	3.50

Table 5 : Extent of employee satisfaction towards training and development

PARAMETER	Punjab National Bank (MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Up gradation of technical knowledge and skills through training provided by the organization.	2.62	2.50	2.58	2.90
Incorporation of methods for learning and implementing creative ideas	2.60	2.50	2.72	2.78
Continuous evaluation and improvement in training programs	2.74	2.86	2.58	3.04
Encouragement and support to self-learning environment in the organization	3.32	3.00	2.88	3.24
Participation of employees in determining their training needs and skills to be acquired	2.96	2.60	4.28	4.00

Table 6 (a) : Extent of employee satisfaction towards monetary factors

PARAMETER	Punjab National Bank (MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Satisfaction from salary structure	3.84	3.62	3.68	3.58
Grant of retention bonus	3.82	3.54	4.38	4.18
Provision of timely allowances	4.08	4.14	3.06	3.28

Table 6 (b) : Extent of employee satisfaction towards non-monetary factors

PARAMETER	Punjab National Bank (MEAN)	Bank of India (MEAN)	State Bank of India (MEAN)	Bank of Baroda (MEAN)
Frequent provision of job rotation in the organization	3.38	3.48	3.52	3.62
Continuous emphasis on training needs by the organization.	2.64	2.76	4.04	4.10
Presence of adequate award and reward system in the organization.	2.94	3.00	4.30	4.36
Frequent employee attitude surveys undertaken by the organization	3.50	3.68	3.96	3.94