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Analyzing Job-Satisfaction in Private Sector and Public Sector Bank Employees

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INTRODUCTION

Job satisfaction is a subjective indicator that indicates how content an individual feel while performing his/her duties. It is subjective in the sense that it cannot be defined by a single measurement alone. Job satisfaction is a derivative of a multitude of factors involving opportunity, stress, leadership, work standards, fair rewards, adequate authority and so on. By now there is substantial evidence to support a relationship between satisfaction and performance of a job. For such a relationship there has been tremendous interest among managers and economists as it helps in increasing the quality as well as quantity of the production. However, some argue contrarily, that rather it is the performance that leads to satisfaction. Whatever be the direction of relationship, one thing is clear that productivity and satisfaction have some mutual relationship and each of them affects the other.

Apart from the various other variables that determine the job satisfaction such as personal traits and environmental conditions, organizational setup plays an important role.

Among the various factors that affect the job satisfaction are level of education, age, nature of job, working conditions, salary, promotions, security, *etc.* It is true that these variables are not alike in two organizations leave apart the two sectors – public or private. However, when generalizations are to be made it becomes imperative to see which of the factor differentiates the job satisfaction level of private from the public sector employees and if the satisfaction levels of any of the two sectors are different from the other then what are the implications of that on the performance, growth and effectiveness in the long run.

By measuring employee satisfaction in key areas, organizations can gain the information

needed to improve their satisfaction, motivation, retention and productivity. Determining what matters most to employees and aligning expenditures with priorities are strategic challenges for HR. “For organizations to be successful at competing for new talent and retaining employees, they have to know what workers want, what keeps them happy, and what makes them stay,” said Susan R Meisienger, president and CEO of Society for Human Resource management (SHRM).

The father of scientific management, Taylor’s (1911) approach to job satisfaction was based on a most pragmatic an essentially pessimistic philosophy that man is motivated by money alone. That the workers are essentially “stupid and phlegmatic” and that they would be satisfied with work if they get higher economic return from it.

Over the years, the theory has few buyers, with more emphasis on factors other than just monetary benefits which continuously keep on changing with the changing environment.

In today's economy, public sector and private sectors play an important role. In the last few years tremendous change in the organizational structure of both public and private sector has been seen. At the one end, public sector is trying to trim and shape up to emerge as a more efficient organization as well as to get rid of its traditional image of a white elephant. On the contrast, private organizations have started mammothization. Since 1991, India has had a policy of attracting private investment into infrastructure and this saw emergence of private sector as a significant player in Indian economy.

With the objective of private sector clearly defined, that is maximization of wealth, the emphasis on job satisfaction of employees and in turn increased productivity and customer satisfaction is gaining momentum. At the same time the public sector is also making serious attempts to become competitive. As it is the employees who make a difference between two organizations, the managers make their concerted efforts to keep their employees satisfied.

The present study is an attempt to provide an insight to managers in public as well as in private sector to explore and understand some of the factors that will affect job satisfaction thus helping them to manage people for organization's effectiveness.

AIMS AND OBJECTIVES

The present study was carried out with following aims and objectives:

1. To make a comparative study of efficiency and effectiveness of performance of employees of private and public sector.
2. To examine the direct cause and effect relationship between job satisfaction and productivity.
3. To analyze the correlation between job satisfaction and absenteeism.
4. To observe the impact of job satisfaction on employee turnover.
5. To ascertain the level of motivation that affects the job satisfaction.
6. To outline the importance of stress management on job satisfaction.
7. To outline how job satisfaction will have a positive and significant effect on service quality.
8. To find out how job satisfaction and self-efficacy will have a reciprocal relationship such that self-efficacy will exert a positive effect on job satisfaction, and vice versa.

VARIABLES AFFECTING JOB SATISFACTION

Probably the most important point to bear in mind when considering job satisfaction is that there are many factors that affect job satisfaction and that what makes workers happy with their jobs varies from one worker to another and from day to day. Job satisfaction is substantially dependent on the individuals involved and the specific work situation, and that generalizations are often misleading. Just a few of the science-based principles for defining the causes and effects of job satisfaction include the following:

- Job satisfaction is determined mostly by intrinsically rewarding work conditions, such as interesting work, challenge, accomplishment, achievement, development, and autonomy.
- Though job satisfaction is also determined somewhat by the magnitude of extrinsic rewards, such as pay and security, the direct effect is small and relative to individual perceptions of fairness.
- Job satisfaction has no effect on self-rated job performance, though it does influence performance evaluations conducted by superiors.
- Job satisfaction cannot be judged in absolute terms, but involves comparison.
- The relationship between person and job (and job environment) is interactive, such that the person acts to shape the job, which in turn affects the person.
- Job satisfaction can be divided into facets or components, and these facets can be tied to one or more aspects of the work situation and attributed to relatively permanent characteristics of the individual.
- For initiatives to improve job satisfaction to be effective, they must be designed with specific knowledge of current job satisfaction, areas of discontent, and recommended improvements, as expressed by the target population.

ABOUT STUDY POPULATION

The present study would be conducted amongst employees in public sector and private sector in order to make a comparative study of efficiency and effectiveness in relation to the job satisfaction they derive from their work. The present study would be conducted in the state of Uttar Pradesh. The pace of urbanization has been lower in the state. The level of urbanization has also been lower than most other states. The numbers of urban centers with more than one lakh population have grown slowly over last thirty years. The growth of urban centers with population less than five thousand have, on the other hand, have grown more significantly and these centers have grown in larger numbers in the western part of the state.

Hypotheses of The Study

1. The efficiency and effectiveness of performance of public sector employees is lower than that of private sector employees.
2. Job satisfaction directly affects the productivity.
3. There is a correlation between job satisfaction and absenteeism.
4. Job satisfaction has an impact on employee turnover.

Study Design

There are multiple objectives in the present study. At the one hand it is desired to see whether there is a difference in the efficiency and effectiveness of performance of employees of private and public sector. On the other hand, it is desired to study various cause-effect relationships such as between job satisfaction and productivity, employee turnover, absenteeism, motivation, *etc.* It is also desired to explore the importance of stress management on job satisfaction and how job satisfaction will have a positive and significant effect on service quality. For this purpose, an explorative design is the most suitable design. As public sector employees and private sector employees comprised two different cohorts an observational study design is desired to see whether any difference in the efficiency and effectiveness of performance of employees of private and public sector exists. However, this is the sub objective under the main objective to see the difference in job satisfaction levels of public and private sector employees. For studying cause effect relationship between various variables and job satisfaction an observational study design would be utilized. For the study of role of various factors such as motivation, stress management and self efficacy on job satisfaction a descriptive explorative design was suitable.

Sample

As it was not convenient to conduct the survey amongst all the employees of banks in Uttar Pradesh, a sampling design was chosen. The survey of sample was conducted in quota manner because the study proposed to compare two distinct cohorts of bank employees, (1) employees of public sector banks, (2)

employees of private sector banks. It was decided that equal number of samples be selected from both the sectors.

Sample Size Determination

The formula for determining the size of the sample is

$$n = z^2 \{p(1-p)\} / e^2$$

where

n = size of sample

z = critical value at a specified level of confidence

p = sample proportion

e = difference between sample proportion and population proportion.

The calculation of sample size was performed to seek the results at 95% confidence level for which the value of $z = 1.96$. The allowable error taken has been 0.05, *i.e.* $e=0.05$. The sample proportion has been taken as 0.5. Thus the size of sample comes out to be 384. Thus for the purpose of the present study a minimum sample size of 384 was desired. The private sector banks included in the study were ICICI Bank Ltd., HDFC Bank Ltd., UTI Bank and IDBI Bank. Among public sector banks the respondents were from UCO Bank, Bank of India, Punjab National Bank and State Bank of India.

Sampling Technique

As the study was concerned with the comparative study of job satisfaction of employees in public and private sector it was deemed essential to follow a quota sampling within the desired sample size. As the working environment in different banks was not homogeneous a cluster sampling technique was employed within the quota sample. For representation of banks from private and public sector four banks each were included. From each bank 50 respondents were evaluated. Thus for private sector banks a total of 200 responses were obtained. Similarly, for public sector banks a total of 200 responses were obtained from 4 different banks. The inclusion criteria of the study was

1. More than six months of service at current location
2. Age below 55 years
3. Officers only upto Manager level

Top managers and policymakers of the banks were excluded from the stud

Assessment Criteria

For the purpose of job satisfaction assessment, the following criteria was adapted:

I. Organization Characteristics

In this section, there were 6 questions, a composite score above 18 indicated satisfactions.

II. Job Responsibilities, Co-worker and Supervisor Support

This section too contained 6 questions, a composite score above 21 indicated satisfactions.

III. Teamwork and Communication

There were 4 questions in this section, a composite score above 14 indicated satisfactions.

IV. Job Demands and Decision Authority

There were 5 questions in this section, a composite score of 21 and above indicated satisfaction.

V. Compensation and Benefits

This section contained 6 questions, a composite score of 24 and above indicated satisfaction.

VI. Staff Training and Development

There were 8 questions in this section, a composite score of 24 and above indicated satisfaction.

VII. Job Security

There were 3 questions in this section, a composite score above 10 indicated satisfactions.

VIII. Physical Facilities and Amenities

There were 3 questions in this section, a composite score above 10 indicated satisfactions.

IX. Motivation

There were 5 questions in this section, a composite score above 15 indicated satisfactions.

X. Grievance and Grievance Handling

There were 4 questions in this section, a composite score above 15 indicated satisfactions.

(Though the entire study was based on the above 10 criteria, but in the present paper for reasons of limited space, only first five will be presented. The other five will be given in the next article.) For the purpose of assessment of efficiency, the 3-D performance model was used with self assessment, peer assessment and supervisor assessment as the 3 dimensions of the model. The following formula was evolved for assessment of efficiency:

$$\text{Efficiency (\%)} = \frac{(0.2SA + 0.3PA + 0.5OA)}{5} \times 100\%$$

where, SA = Self assessment score
PA = Peer assessment score
OA = Supervisor assessment score

The efficiency was depicted in terms of percentages.

Conclusion

Public sector or private sector, which is better, for the employees, for the owners, for the society. The question has been waged again and again. It is not always that public sector is better or vice versa rather it is the situations that make them a better alternative amongst the available ones. When in 1969 and

thereafter in 1980, banks were nationalized, the circumstances were entirely different from what they are today. The economic scenario at that time was full of scarcities while at present there are excesses. The openness of economy has presented some of the great somersaults that were not imaginable only a decade back.

Only a decade and half back, a bank job was perceived as a secure, respectable, well-paid job that was dream of every other graduate. Today, the situation has changed. Gone are the days when working in bank meant a socially more acceptable and economically well paid job. The 10:00 to 5:00 working is now mocked at. There is no challenge left while working in a public sector bank. The umpteen number of clients surrounding a bank employee for opening an account, or top-most industrialist of the city requesting the field officer of a bank for sanctioning a credit limit are out from the picture. These issues coupled with the entry of private sector banks which poke of some very hi-fi type of banking, clean-shaven smart young executives with starting salaries even a senior manager could dream of have hit the ethos of the public sector bank employees to a great extent. The physical amenities and brand building exercises by some new entrant private banks have also eroded the satisfaction levels of public sector bank employees to a great extent.

But, this is only one side of picture. The question is whether private sector bank employees more satisfied? The imminent work pressures, stress to meet the targets, long work schedules to achieve more in limited time, and the looming sword of being wiped off with just one-month salary in lieu of the notice in case the employees fails to achieve what he is asked to irrespective of the circumstances has presented a new problem to the fore. The present study tried to evaluate and assess the satisfaction level of bank employees from both these sectors over ten areas related to organization, work itself, work environment, coworkers, supervision, developmental opportunities, *etc.* Surprisingly, though satisfaction levels of private bank employees were higher on overall assessment, there were some issues on which public sector bank employees scored very well such as organization characteristics, job security, job responsibilities and coworker support, *etc.* These findings indicate that despite much brouhaha the private sector banks are yet being seen cautiously. The private sector banks are only a decade or so old in this country (*here we are talking about the private sector banks coming up after 1990*). Ten years is quite a small time for banking industry and it is difficult at this stage to judge which of the two is better. The changes in banking sector *en large* have also given opportunity to public sector banks to become more competent and competitive. The laying off of workers under golden handshake schemes such as VRS have given them opportunity to becoming slim and smart. They are fighting back and so are the eroded satisfaction levels of their employees. The study brings to fore the point that "sectoral" differences have little role to play, it is not public or private rather it is the issue of who is performing and how it is performing that determines the satisfaction levels of the employees as well as the satisfaction levels of customers.

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