Effect of Job Satisfaction and Leadership Style on Employee’s Organizational Commitment in Banking Sector: A Case Study of Okara District, Pakistan

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Abstract: The aim of the study is to check the effect of job satisfaction and leadership style on employee’s organizational commitment in banking industry of Okara, Pakistan. The study is conducted in Okara city. 80 respondents were selected on the basis of convenient sampling. Questionnaire is used to get the response from respondents. After analysis of data we infer that job satisfaction and leadership style are the factor that positively affects employee’s organizational commitment. Banks can control this factor to enhance employee’s organizational commitment to increase productivity and reduce turnover of the employees.

Key words: Job satisfaction • Leadership style • Employee’s organizational commitment • Bank

INTRODUCTION

This Study is conducted to highlight the effect of job satisfaction on employee’s commitment in banking sector of Okara Pakistan. Now a day’s Organizations believe to deliver the best services to the customers and better working conditions and environment to their employees also which increase their loyalty and hard work for the high interest of the bank. Organizations use skilled employees to get innovative ideas and adopting the way which cut the cost of the product or services to get competitive advantage over competitors [1].

The Pakistani banking sector was established in 1947 when it came into map. The first bank of Pakistan was State Bank of Pakistan. Organization is well aware about the value of the employees and tries to get the maximum output of them to achieve the mission of the organization. The new generation and fresh graduates or master who came into the field without the experience but they have the theoretical knowledge on the basis of which they can take the risk to work on new innovative plan [2].

Employees should have the experience to work in the good technological environment and enough level of confidence so that they can show their efficiency and confidence level to achieve a goal in an impressing way. Internal and external challenges can be met by the by the commitment of employees with their jobs, if the employee will more satisfy then their commitment will be more strong and more positive. To know about the employee satisfaction we use to do psychological tests to judge the employee expectations from job facilities.

The banking sector in Pakistan has changed the system of services, business terms and conditions, to capture new target market to increase the sales volume. These changes are done to reduce the hurdles for their most important operation to make their organization successful by achieving their goal by using low cost and achieving economies of scope. In Pakistan human resource management department could not prove its importance with in banks; mostly managers think they can hire the best person which is totally misconception.
Leadership style in Pakistan is centralized managers don’t want to share their power with the employees because they think if we give power to the employees they will have lower power distance and they will not respect like the way they should in a power distance culture. When in well-established organizations managers give power to the employees and employees utilize them in the best interest of the organization then organization gets more progress and grows fast.

The old trend of Human resource management is changing in established organizations in Pakistan. Now they are considering developing the specialized Human resource department in their organization. This department helps to implement the business plan practically by the hands of professionals to get the desired results. The organizations in Pakistan are getting help in the form of subsidy from Pakistani government to survive in the market and put there to put their participation. Keeping side economic conditions of an organization, they are passing through a difficult time period because human capital is not managed properly.

They do not allocate right person on right job. The organization which started using human resource management and hiring the qualitative human capital they are getting frequent growth rate. The performance of the person depend upon its abilities and experience about the field when there will be less skilled person then there will be no effective output even the employee work hard for it. The organizations that have the skilled employees on the right job and the organization gets the good output and achieve their goals with help of skilled employees. Following are the objectives of the study:

- The output of this study are following:
- To identify the role of human resource practice
- To identify the expectations of employee from job
- To identify the effect of job satisfaction on Employee’s commitment

**Literature Review:** Employee can develop its commitment with an organization in one direction or multi direction [3]. The inside feeling of an employee with which he try to work for the interest of his organization’s goals and also the level of employee that how much an employee is honest with its organization through its behavior and attitude [4]. Participation of an employee and its attachment with other employees are the factors which increase the honesty and loyalty with organization [5]. When the employees are loyal with the organization either they are satisfied with their job they do not leave the organization because they want to work there.

The level of commitment of an employee which doesn’t allow him to leave the organization is called normative commitment. When employees are satisfied and enjoy salary package and other allowances they don’t want to leave the organization. The respect and reputation which an employee gets in an organization at the time of leaving this will be also left behind. If the employee in the next organization no one will give him respect like their senior. They will consider him junior even he has the better knowledge and experience.

There are different reasons due to which employee doesn’t want to leave the organization. The reasons are medical allowances, house rent, utility bills, insurance, double salary in a month once or twice in a year and project base bonuses [5]. These bonuses are for employee who stays in the organization. When the employee has a serious concern with its job and its personal satisfaction he try to find out the hidden responsibilities which a boss want that his employee understand those responsibilities and impress him. Satisfaction can be built in an employee by supporting his/her job with his/her physical emotions and mental emotions.

In the result of job bonuses employees get happy and make their perception good about the job satisfaction. The level of job satisfaction can be determined by employee’s emotional and physical conditions. By the passage of time employee get experience and make his/her emotional relation with other employees who make them satisfied about their job [4]. A theory which based on two factors extrinsic and intrinsic is called Herzberg theory. Intrinsic job satisfaction, this term based on the employee job satisfaction that how employee do satisfy with his/her job. Extrinsic job satisfaction, this term based on the employee.

The commitment of an employee in an organization is directly linked with the job satisfaction and mostly people think that the more employees will satisfy with their job the more they are trustworthy with the organization. Organizational commitment and job satisfaction of an employee both are thoroughly discussed in literature review [6, 7]. An employee moves towards organizational commitment by the job satisfaction and it estimate the level of job satisfaction [8].

Now days the organizations are seriously focusing ion leadership style and spirit level so that they could motivate and convince employees in making their commitment with the organization. In this time period of technology and best leadership combination global companies are more focusing on leadership style and the relation between higher management and lower management because with perfect relations of staff employee.
This also increase the level of spirit in employee to complete a task due to this employee will be more committed with the organization. The moral values of a person and level of spirit increases the level of self-assessment and confidence. Level of Leadership behavior relates with employee’s loyalty, attachment and employees sympathies with other at work and non-working place. When the leader supports his employees morally, ethically, financially, spiritually and friendly then the results which an organization gets are fantastic, profitable and motivational for the next project.

Trends are set by the leaders because when leaders show ethical and moral behavior and effort same will all the employees then employees also follow them. When the leader has strong commitment with the organization then lower management follows them and strong commitment with the organization [9]. To understand the behavior of an individual the best leader assign them a group base task which identify the personal effort of that employee. An employee determines its abilities and response about a task and then according to this he made his commitment with the organization (Bank) [3].

The processes of building a commitment or the basis on which an employee make his commitment with the organization are as following: factors of organization, personal matters and working experience. When the lower management gets power to make decision by the permission of their top leadership then they feel more confident and their commitment gets stronger with the organization. When managers or bosses trust on their employees then employees work harder and sincerely in the interest of organization to feel proud their bosses on them. When this process precedes then employee work in their own field and they don’t interrupt in others work, by doing this personal clashes reduced and in final results the organization achieve its desired results easily. Trust is a thing which motivates and makes feel good to the employees, when this culture is being followed by the employees then total efficiency of the organization improves.

There are two type of trust condition based trust and unconditional base trust. Condition base trust: this is the type of trust in which one employee ask to other employee if you will complete this task then I will trust you for other projects. Unconditional trust: This is the type of trust in which both leaders and employees trust about the reasons behind strong or weak employee’s organizational commitment in banks. This study will help out to the banking sector in the targeted region to control the employees with the leadership style to get the desired results from employees and finally achieving the goal of

Research Gap: Usman and Danish [12] have studied on leadership spirituality impact on organizational commitment they used to study in banking sector of Pakistan. This study is specific to Okara city located in province of Punjab in Pakistan. This study is conducted about effect of two variables leadership style and job satisfaction on variable employee’s organizational commitment. Hashmi and Naqvi [13] have studies impact of job satisfaction on employee’s organizational commitment they also use to study in banking sector of Pakistan and I use to study in a specific city Okara from province of Punjab Pakistan.

Significance of Study: The aim of this study is to know about the reasons behind strong or weak employee’s organizational commitment in banks. This study will help to the banking sector in the targeted region to control the employees with the leadership style to get the desired results from employees and finally achieving the goal of
banks. They can change the management style from centralized to decentralized to increase the employee’s loyalty and its commitment with the bank.

During literature 20 to 25 papers were studies which show that different authors use different techniques to measure the relationship. Most of them use quantitative method to analyze the results. Some of them use to study (IV) job satisfaction effect on (DV) employee’s commitment. Some of them use to study effects of (IV) leadership style on (DV) employee’s commitment. Most of them used SPSS to analyze the data and apply test of reliability, correlation, regression and co-efficient.

**Theoretical Frame Work**

**Graphical Model**

**Identification of Independent and Dependent Variables**

**Organizational Commitment (DV):** Employee’s organizational commitment is the mentally satisfaction and attachment with his/her job and the organization. If the employee is having job description according to his/her area of interest and he/she is having interest in his job and enjoys doing his/her job. It will create the psychological attachment of the employee with the organization. This attachment of the employee with the organization is called Organizational commitment.

**Leadership Style (IV):** Leadership style of the bosses has the impact on the employer’s perception about workplace or organization. How the boss will lead and behave with the employees, it will affect the employee’s psychological relation with the organization because bosses are the resource person of the organization. This psychological relation of the employee due to leadership style of the employee has impact on the employee’s organizational commitment.

**Job Satisfaction (IV):** Satisfaction of the employee from his/her job is how much they are interested in their assigned tasks and duties. Emotional feelings of the employees attached with their job when employees are happy from their work and facilities they got from the organization. They feel satisfied from their job. Job satisfaction has impact on employee’s organizational commitment.

**Hypothesis:** On the basis of previous studies it is stated that there is a relationship that is positive between leadership style and employee’s organizational commitment and it is also stated that there is a relationship that is also positive between job satisfaction and employee’s organizational commitment. This study focuses on banking sector of Okara, Pakistan’s employee’s organizational commitment.

The hypothesis of this study is as following:

$H_1$: There is a relationship between employee’s organizational commitment and job satisfaction.

$H_2$: There is a relationship between employee’s organizational commitment and leadership style.

**Data Collection Method:** Questionnaire is based on three variables containing our two independent variables and one dependent variable. Questionnaire is based on two parts; one is about respondent’s demographic information like gender, age, qualification, network they are using and duration of using that network. Second is based on variables. Four questions were made to test every variable dependent and independent so in second section there were twelve questions. We used likert scale to get the response of respondents. It helps us to get better results.

Questionnaire is created by our self and not adopted so reliability test is very important to test the questionnaire. To check the reliability we used fifteen questionnaire and use Cronbach Alpha tool to test the reliability of the questions. The result of Cronbach Alpha is .958 that shows all the questions are reliable and check the same results. Sample of 15 questionnaires is used to check the reliability of instrument of measures. This study is conducted on brand switching in telecom industry and my interest area is Okara so I take the sample of 80 employees of banks from Okara.

**Data Analysis Methods:** We used Statistical Package for Social Sciences (SPSS) version 16.0 for data analysis. Descriptive and inferential type of statistics used to measure the results. To measure the demographic
information SPPS software were used. We measured mean as well as standard deviation. In our study we used one dependent and three independent variables so multiple regression model is applied to understand the relationship between the following variables.

\[ Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + e \]
\[ EC = B_4 + B_5JS + B_6LS + e \]

In this equation we used one dependent variable (Employee’s commitment) and two independent variables (job satisfaction and leadership style).

**Descriptive Analysis:** In this demographic table there are 40 male and also 40 female respondents. 56 employees of banking sector were under 24 years which is really different situation and most of the employees are young people. Basically this study is about the private banking sector they don’t want to give jobs to the aged people. They want young energetic and fresh graduate’s for their banks to increase the ratio of work in 9 hours per day. Also researcher found that most of the employees have done graduate and just 40% employees have done masters.

<table>
<thead>
<tr>
<th>Demographic Items</th>
<th>Frequency</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Female</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
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<tr>
<td>Age</td>
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<tr>
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<td>70</td>
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<tr>
<td>24-28 Years</td>
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<td>100</td>
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<tr>
<td>Qualification</td>
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<tr>
<td>Graduation</td>
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<tr>
<td>Master</td>
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<td>40</td>
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<tr>
<td>Total</td>
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<td>100</td>
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Descriptive Statistics

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<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
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<tbody>
<tr>
<td>Employee’s Commitment</td>
<td>80</td>
<td>3.350</td>
<td>.78111</td>
</tr>
<tr>
<td>Leadership Style</td>
<td>80</td>
<td>3.450</td>
<td>.76968</td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>80</td>
<td>3.575</td>
<td>.83477</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>80</td>
<td></td>
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</table>

In descriptive table the mean value of Employee’s commitment is 3.3500 which is moderate and near to mean value. The meaning of this value is that employees want to make their commitment on the basis of independent variables. Leadership style has the mean value of 3.4500 it is greater than Employee commitment it has more influence to make an employee’s commitment with his/her organization. The final and third variable Job Satisfaction is the variables who have the highest mean value of 3.5750 and due to this value this variable has the strongest influence and role to make organizational commitment for the interest of the of the organization.

**Hypothesis Testing:** Employee commitment has the high significant value .794** which means that employee commitment has the direct relation with job satisfaction as the level of job satisfaction increases the level of employee’s commitment with organization increases.

Leadership style has the highest significant value 0.809** which is highly significant to prove our hypothesis and the relation of employees commitment and leadership style. When employees like the leadership style they love to work for the interest of the organization.

Model summary has the adjusted $R^2$ with the value of 0.678 which means that Job Satisfaction and leadership style independent variables have 67.8% effect on dependent variables employee’s commitment.

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

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<tbody>
<tr>
<td>1</td>
<td>.829</td>
<td>.686</td>
<td>.678</td>
<td>.44303</td>
</tr>
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</table>

a. Predictors: (Constant), Job Satisfaction, Leadership Style
Anova has the F value with 84.288 with 0.00 significant values, which means our model is highly statistically significant and perfect for our research.

Coefficient table has the significant value of 0.00 for leadership style and on the basis of this result the hypothesis (There is a relationship between employee’s organizational commitment and leadership style) which researcher developed on the basis of literature review is accepted. The result of 2nd independent variable is 0.006 which is also significant so the first hypothesis (There is a relationship between employee’s organizational commitment and job satisfaction) which researcher developed on the basis of literature review is accepted.

CONCLUSION

This study is conducted to know the relationship of job satisfaction and leadership style on employee’s commitment in the banking sector of Okara, Pakistan. Data was collected through questionnaires and quantitative approach used to analyze the data. Due to time constraint we used sample of 80 employees from different banks and respondent were selected on the convenience sampling method. We used multiple regression and correlation to test hypothesis. So according to the results of this study if the employee is satisfied with the job than their commitment with the bank will be high. If employees of the bank in Okara having good leadership style than the employee’s organizational commitment will be high.

Limitation of the Study: The area of this study is Okara northern Punjab Pakistan and population was the bank’s employees of the Okara city. This study covers only 80 employees to get the conclusion. The size of sample was very small due to time constraint if we will take larger sample than the result will be more significant.

REFERENCES

