Job Satisfaction of Banking Personnel and Role of Psychological Empowerment: Empirical Evidence from Pakistan Banking Sector

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Abstract: This study examines the influence of psychological empowerment on job satisfaction in context to banking sector of Pakistan. This study is unique in a way that it has studied the impact of psychological empowerment on job satisfaction at three managerial levels i.e. Top level, middle level and lower level. Primary data has been collected from employees working in different banks in four major cities of Pakistan. The study has used survey approach for data collection. Scale from previous studies has been used to measure psychological empowerment and job satisfaction which consists of 12 items and 16 items respectively. The study documents that Psychological empowerment positively affects job satisfaction for senior, middle and lower level managers in banking sector of Pakistan.

Key words: Psychological Empowerment · Job Satisfaction · Banking Sector · Pakistan

INTRODUCTION

Contemporary era is making business organizations accept the challenge of providing better-quality services to their internal customers and promoting practices of employee involvement. Relinquishing top bottom management approach improves employee satisfaction level and boosts individual and organizational performance along with providing flexibility in the organization. To manage the turbulent internal and external challenges, business organizations need to focus on empowerment construct as it is responsible for satisfying, committing and retaining employees in a healthy workplace. High involvement work practices are the source of competitive advantage for business organizations. Literature recommends various high involvements. A work practices that add to strategic organizational performance; however most important are self-managing teams, shared governance programs, flexible work settings, reward and recognition, motivating working environment and employee empowerment [1-3]. Delivering quality services is not possible until the employees of the organization feel psychologically

empowered in their job. Therefore, it is crucial for organizations to have empowered workforce and let the employees take responsibility of their tasks.

Consistent development and better quality are the prerequisites of service businesses, particularly when environment is under an asymmetrical change. The banks in Pakistan are struggling hard to meet the ever changing demand of the customers. In order to be successful in rapidly changing global environment, government of Pakistan has introduced some structural reform in banking sector of Pakistan. According to previous study [4], in last few years Pakistani banking sector has gone through some major structural changes because of new entrants from international businesses. Structural changes in the banking sector have overcome many issues like over staffing and poor customer service but as a result of these reforms, employees faced certain challenges that affect their satisfaction with job. This recent transform in banking sector of Pakistan was not restricted to the social and economic impact but it has also affected the psychological sphere of the staff. After this reform the turnover rate in the banking sector was high. [5] In one study it claimed that the low level of job satisfaction and

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organizational commitment as major issues faced by the banking sector of Pakistan after restructuring. Issues faced by banking sector of Pakistan need attention of academicians and practitioners. This study is an attempt to identify the impact of psychological empowerment on job satisfaction in banks of Pakistan.

This study bridges up the gap in literature by analysing the relationship between psychological empowerment and job satisfaction with reference to senior, middle and lower level managers. Researches on service sector with respect to relationship between psychological empowerment and its consequences are rare [6]. Therefore, this study also addresses this research gap by investigating the relationship between these variables in banking sector of Pakistan i.e. service sector which is currently facing issues regarding job satisfaction.Although literature provides evidence of impact of psychological empowerment on job satisfaction for western countries but there is need to generalize this relationship for non-western countries as studies conducted in these countries are rare. After detailed literature review, this study finds that there exists no empirical research on the relationship between psychological empowerment and job satisfaction with reference to Pakistan. Thus, this research caveat needs attention of researchers so that this gap could be bridged up.

Psychological Empowerment: Psychological empowerment is a cognitive state and it refers to an employee's experience of empowerment at workplace. Rather than focusing on organizational policies and practices of power sharing at all hierarchical levels it focuses on an individual's own personal beliefs and feelings about empowerment in the organization. [7] It is defined as the process of enhancing self-efficacy and [8] also defined as state of increased intrinsic motivation. [9] Four cognitions to define psychological empowerment: meaning, competence, self-determination and impact. Meaning cognition refers to a sense of purpose and the congruence or consistency of an individual's beliefs and beliefs and values of the organization. Impact cognition refers to the degree to which an individual can influence work outcomes. Competence cognition refers to self-efficacy and capacity an individual to perform skilfully. Self-determination cognition refers to autonomy or freedom in initiation and continuation of work behaviors and processes. [9] It argues that these four cognitions additively create the psychological empowerment. According to a study [10] an employee must experience all four cognitions of psychological empowerment simultaneously and if all these are not present the feeling of psychological empowerment is incomplete.

Job Satisfaction: The growth of interest of researchers in employee behavior and its outcomes has caused them to investigate different facets of job. According to a study [11], job satisfaction is one of the most researched variables in industrial/organizational psychology. Job satisfaction is an emotional state emerging from a cognitive appraisal of job experiences [12]. Intrinsic job satisfaction is about how an employee feels about his or her job while extrinsic job satisfaction is about how an employee feels about the aspects of his or her work that are external to the work itself [13]. Intrinsic rewards such as challenging work, variety and opportunity to use one's own skills and extrinsic rewards such as pay, promotion and working conditions contribute to job satisfaction.

Relationship Between Psychological Empowerment and Job Satisfaction: Psychological empowerment has now become an imperative for the organizations, especially for those who want to win external pressures with the help of their workforce support. Until employees do not feel psychologically empowered they are not satisfied with their jobs. Empirical studies have depicted psychological empowerment as a significant predictor of job satisfaction. Empowered employees are more satisfied with their jobs [10]. A number of researchers have focused on the relationship of psychological empowerment and job satisfaction [14]. Psychological empowerment can effect job satisfaction to a particular extent [15], [16]. Researchers have found the relationship of four cognitions of psychological empowerment with different outcomes but results have varied form one study to another [17, 18]. The study conducted by [19] concluded that meaning, impact and self-determination cognitions of psychological empowerment are positively associated with job satisfaction while competence cognition is not; nevertheless, overall psychological empowerment is found positively associated with job satisfaction. Based upon the theoretical framework discussed above, this study has developed following hypotheses.

Hypothesis H₁: Psychological Empowerment positively and significantly affects job satisfaction for seniorlevel managers working in banking sector of Pakistan.

Hypothesis H₂: Psychological Empowerment positively and significantly affects job satisfaction for middlelevel managers working in banking sector of Pakistan.

Hypothesis H$_3$: Psychological Empowerment positively and significantly affects job satisfaction for lowerlevel managers working in banking sector of Pakistan.

MATERIALS AND METHODS

Data was collected from banking sector of Pakistan. The study included the major cities of Pakistan based on the number of branches in each city. These cities include Lahore, Sargodha, Karachi and Islamabad. Unit of analysis of this study are employees working in banking sector of Pakistan. The study has used survey approach for data collection. The study has used [9] 12 item scale to measure psychological empowerment. This scale is considered as most reliable scale to measure psychological empowerment. Subjects indicated their level of psychological empowerment with each of these aspects by responding on a seven point rating scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (7). To measure job satisfaction, the study has used [20] 16 item scale. This instrument has been widely used by other researchers in field of behavioral sciences. Subjects indicate their level of satisfaction with each of these aspects by responding on a seven point rating scale ranging from "extremely dissatisfied" (1) to "extremely satisfied" (7). Response rate was 80.7% as 310 out of 384 questionnaires were retrieved.

RESULTS AND DISCUSSION

Table 1 shows the demographic profile of respondents. It shows the percentage out of total sample of N=310 for each demographic variable separately. The percentage of males is more than females in this study. In age group the age between 36-45 years shows more percentage than all other age groups. Education level shows that more population consists of graduations than masters. The percentage of middle level management is 51.9 more than other levels. Its means that the ratio of middle level management employees has more than lower level management and senior level management. In job tenure above than 10 years' experience have more percentage than all other tenure periods. Table 2 indicated the means and standard deviations of Psychological Empowerment and Organizational Commitment for senior, middle and lower managerial levels of bankers separately.

In order to confirm the hypothesis of this study, regression analysis was conducted. Table 3 showed the regression analyses of psychological empowerment and job satisfaction for senior, middle and low managerial levels separately. When job satisfaction was regressed on

Table 1: Demographic profile of respondents

Characteristics	Frequency	Percentage
Gender		
Male	194	62.6
Female	116	37.4
Age		
Below the age of 26	41	13.2
26-35 years	78	25.2
36-45 years	94	30.3
46-55 years	70	22.6
Above the age of 56	27	8.7
Education		
Graduations	196	63
Masters	95	30.6
Organizational position		
Senior managerial position	83	26.8
Middle managerial position	161	51.9
Lower managerial position	66	21.3
Job tenure		
Less than 1 year	18	5.8
1-3 years	32	10.3
4-7 years	74	
8-10 years	72	23.2
Above than 10 years	101	32.5

Table 2: Descriptive Statistics

Variables	Mean	Std.Deviation
Senior Level Managers		
Psychological Empowerment	6.16	0.689
Job Satisfaction	5.46	0.668
Middle Level Managers		
Psychological Empowerment	5.23	1.080
Job Satisfaction	4.96	0.765
Lower Level Managers		
Psychological Empowerment	3.96	0.824
Job Satisfaction	4.71	0.649

Table 3: Regression Analysis for Psychological Empowerment

	Job Satisfaction		
	R^2 Change	B	t-statistics
SENIOR MANAGEMENT			
Psychological Empowerment			
F-statistics = 47.599*	0.371	0.592	6.934
MIDDLE MANAGEMENT			
Psychological Empowerment			
F-statistics = 474.194*	0.749	0.893	21.776
LOWER MANAGEMENT			
Psychological Empowerment			
F-statistics = 47.46*	0.427	0.636	6.903

* Significant at 0.01 Level

psychological empowerment for senior managerial level, it explained 24% variability with significant F-statistics (F=47.599, b=0.592, t=6.934, p<0.01). For middle level managers, when job satisfaction was regressed on psychological empowerment, it explained 74.9% variability with significant F-statistics (F=474.194, b=0.893, t=21.776, p<0.01). For lower level managers, when job satisfaction was regressed on psychological empowerment, it explained 42.7% variability with significant F-statistics (F=47.46, b=0.636, t=6.903, p<0.01). So, results revealed that psychological empowerment had significant positive impact on job satisfaction for senior and middle and lower level managers.

The purpose of study was to investigate the impact of psychological empowerment on job satisfaction for banking sector of Pakistan. Psychological empowerment affects job satisfaction for senior, middle and lower level managers in banking sector of Pakistan. The results of this study are consistent with the study conducted by [21] and [22]. However, no study has taken into consideration managerial levels (senior, middle and lower) to test this relationship. The study contributes to existing literature not only by providing empirical evidence on relationship of psychological empowerment and job satisfaction with reference to Pakistan but also adds to the literature by identifying this relationship among all managerial levels.

There are few limitations of this study. These limitations include use of structured questionnaire, quantitative data analysis and focus on the single service sector,self-report bias and cultural issues. For further study it is suggested to include some other theoretical variables on job satisfaction of managers across diversified sectors and cross cultural settings. Future researchers can also test mediating and moderating mechanisms of understudied variables with psychological empowerment by employing other analytical approaches.

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