

The Impact of Employees' Job Satisfaction on Organizational Commitment in Bahrain Banking Sector

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Abstract

The current study examines factors which affect the level of employees' job satisfaction and its impact on organizational commitment in the banking sector in Bahrain. It examines some of the important factors that influence employees' job satisfaction such as pay, supervisor attitude, working conditions and job security, as well as the effect of employees' job satisfaction and pay on organizational commitment. The data for this research were collected through a survey questionnaire sent to employees of five reputable commercial banks in Bahrain. Quantitative methods were used to analyze the 202 valid responses. The results showed a significant positive correlation between pay, supervisor attitude, working conditions, job security and employees' job satisfaction. It also found a significant positive correlation between overall employees' job satisfaction, pay and organizational commitment. The methodology of the study might limit the generalizability of the results; however, this research study contributes to understanding job satisfaction and organizational commitment in the banking sector in Bahrain and provides practical recommendations.

Introduction

Employees' job satisfaction has been the most researched topic since the mid-20th century after the evolution of Maslow's Theory of Need Hierarchy in 1943 (Rast&Tourani, 2012). The reason behind the amount of studies of this particular issue is that job satisfaction, although one of the factors affecting productivity, is different in nature from other productivity-affecting factors such as work motivation and attitude; however, they are interrelated. Robert Hoppock in 1935 described job satisfaction as "any combination of psychological, physiological, and environmental circumstances that causes a person truthfully to say, 'I am satisfied with my job'" (cited in Rast&Tourani, 2012).

On the other hand, employees' commitment in the organization is one of the factors that have attracted much attention in recent years, because it affects many variables such as employees' productivity and organizational goals and success. Cooper-Hakim and Viswesvaran (2005) defined organizational commitment as "a psychological state or mindset that binds individuals to a course of action relevant to one or more targets, and a willingness to persist in a course of action". Other researchers have defined organizational commitment as "the feeling of responsibility that an employee has towards the mission of the organization" (Qureshi et al., 2011).

Although there is a massive amount of research on job satisfaction and organizational commitment in developed countries, there is little research on this issue in developing countries, and more specifically in the banking sector where the environment is very challenging. According to Central Bank of Bahrain official web site, Bahrain is committed to its main objective, namely “to strengthen the position of Bahrain as a major international financial center through the application of sound monetary and financial policies consistent with international best practices”. In pursuit of this objective, one of the priorities is to “emphasize the highest standards of professionalism, integrity, prudence, teamwork and innovation” (Central Bank of Bahrain official website). This objective can be achieved through the consideration of employees’ job satisfaction and organizational commitment. There is an identified gap in research studies of this issue in Bahrain, therefore, the study in hand aims to respond to this shortage by shedding light on the topic to open new horizons of interest and improve awareness of its importance on the effect of productivity and revenue.

Discussion and hypotheses

This research study introduces job satisfaction and focuses on four factors affecting job satisfaction, which are pay, supervisor attitude, working conditions and job security.

The conceptual model below presents the factors that represent job satisfaction and their effects on organizational commitment as well as the effect of pay satisfaction on organizational commitment. The model also illustrates the study’ hypotheses.

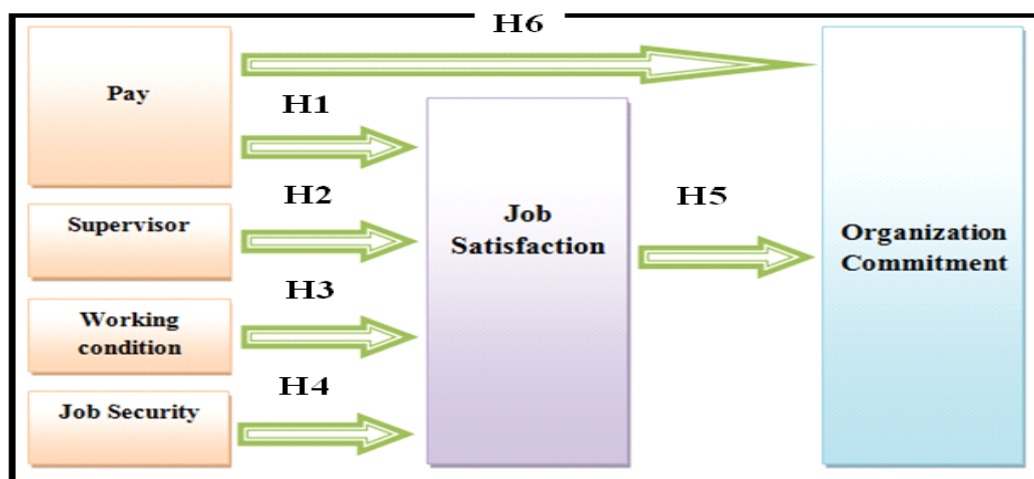


Figure 1: The conceptual model of the study

Shaikh et al. (2012) concluded that a variety of factors such as job descriptive index, work, pay, promotion, coworkers and supervision have a strong effect on overall job satisfaction. The current research focuses on four factors as indicators of job satisfaction in the banking sector: pay, supervisor attitude, working conditions and job security

Pay and Job Satisfaction

Luthans (2006) supposed that apart from helping individuals fulfill their basic needs, pay also satisfies the higher-level needs of individuals. Sokoya (2000) concluded that pay is an essential factor of job satisfaction. Scholars and researchers are clear regarding the effect of pay

on job satisfaction. Oshagbemi (2003) found a statistically important connection between salary, rank of workers and their level of job satisfaction. Grace and Khalsa (2003) considered payment package and professional development as the most significant job satisfaction factors. Droussiotis and Austin (2007) pointed out that self-realization is the most critical of all job satisfaction factors. Thus, organizations should first assure that they provide managers with good pay and benefits, highly skillful subordinates and opportunities for self-growth and progression in the organization, and that organizational policies and procedures allow for self-realization. From the literature review, we propose the first hypothesis:

H1: In the Bahrain banking sector, there is a positive relationship between pay and employees' job satisfaction.

Supervisor attitude and job satisfaction

Heery and Noon (2001) defined a supervisor as “a front line manager who is responsible for the supervision of employees”, Okpara (2004) found that job satisfaction can be increased with the assistance of supervisors, while Brunetto and Farr-Wharton (2002) found that direct supervisor attitude increases the level of job satisfaction in employees of the public sector.

Chen (2001) found that supervisor attitude has a direct and important relation with level of employees' job satisfaction, although Oshagbemi (2000) argued that satisfaction with supervisor is a significant indicator of job satisfaction. Packard and Kauppi (1999) concluded that a democratic management manner leads to a higher level of satisfaction than an autocratic leadership manner (cited in Rast&Tourani, 2012), while, according to Ramsy (1997), supervisor attitude plays a role to the high or low morale of workers in the workplace (cited in Khalid et al., 2012). From the literature review, we thus propose the second hypothesis:

H2: In the Bahrain banking sector, there is a positive relationship between good supervisor attitude and employees' job satisfaction.

Working Conditions and Job Satisfaction

The effect of working conditions on job satisfaction, performance and organizational commitment, especially after the economic crisis that has affected directly the banking sector in Bahrain, was thought to be a cause of employee dissatisfaction. Herzberg (1968) found job environment to be a significant determinant of employees' job satisfaction. Brief (1998) looked at job satisfaction as “a product of the events and conditions that people experience on their jobs” (cited in Al Jenaibi, 2011).

However, Guest (2004) concluded that significant factors such as unfavorable working conditions, nature of work, job security, lack of promotion, low payment package and low level of work autonomy negatively affect the level of employees' job satisfaction. Thus, the third hypothesis was proposed as follow;

H3: In the Bahrain banking sector, there is a positive relationship between good working conditions and employees' job satisfaction.

Job Security and Job Satisfaction

Shahu and Gole (2008) found that job insecurity has a negative impact on job satisfaction when workers are not in a condition where job security is secure. Furthermore, Khalid et al. (2012) showed that workers in the public sector are more satisfied with job security

compared with workers in the private sector, while Morris et al. (1993) found that increments in job security lead to greater organizational commitment. Based on the above, the fourth hypothesis was offered:

H4: In the Bahrain banking sector, there is a positive relationship between job security and employees' job satisfaction.

Organizational Commitment and Job Satisfaction

Organizations need committed workers in order to face the global competition (Jafri, 2010), and job satisfaction is one of the purposes of increasing organizational commitment. Valle and Witt (2001) found that job satisfaction increases when employees are committed to their organizations, while Qureshi et al. (2011) argued that organizational commitment has a positive impact on job satisfaction.

Once job satisfaction has been established, commitment has to be maintained by ensuring workers have clear tasks and roles and understand their responsibilities, thus, the fifth hypothesis proposed as follows:

H5: In the Bahrain banking sector, there is a positive relationship between job satisfaction and organizational commitment.

Pay Satisfaction and Organizational Commitment

There is an assumption that money can directly impact behaviors. Many managers and employees believe that simply increasing salary will make employees more motivated. Parker and Wright (2001) found that satisfaction with compensation is one of the drivers of employee commitment. For an employee to be satisfied with his/her pay, a few basic elements need to be present. People have to believe that the pay they earn is fair that their compensation, including salary, incentives and benefits, compares favorably with the realities of the market, especially in comparison to people doing the same work in similar circumstances.

Muhlau and Lindenberg (2003) found that employees who are satisfied with their pay probably have positive feelings about their organizations, leading to affective commitment. Moreover, employees who are satisfied with their pay are probably paid well, thereby promoting continuance commitment. Dulebohn and Martocchio (1998) found that pay satisfaction and its components play a role in the improvement of favorable attitudes toward the organization. They concluded that satisfaction with pay has a positive influence on organizational commitment. Dhawan and Mulla (2011) also found that pay satisfaction has a significant relationship with two organizational commitment dimensions, normative commitment and affective commitment, but not with continuance commitment. Vandenberghe and Tremblay (2008) found that the impact of pay satisfaction on intended turnover is completely mediated by affective commitment. From the literature review, we thus propose the last (sixth) hypothesis:

H6: In the Bahrain banking sector, there is a positive relationship between pay and organizational commitment.

Methodology

Bahrain's banking system consists of both Islamic and conventional banks, and it is the biggest factor of the financial system, accounting for over 85% of all financial assets. The

conventional banking division includes 69 wholesale banks, 23 retail banks, two specialized banks as well 36 representative offices of overseas banks. The Islamic division, offering a host of Sharia-compatible products and services, include 18 wholesale banks and six retail banks (Central Bank of Bahrain official website).

To measure job satisfaction level, a scale including the four basic job satisfaction factors was designed and developed by Spector (1985). The scale has a reported validity and reliability of 0.7. To measure organizational commitment level, a scale was developed by Porter et al. (1979). The scale has a reported validity and reliability of 0.9. A Likert-type scale was used to get responses, indicating a score ranging from strongly disagree = 1, disagree = 2, moderate = 3, agree = 4, and strongly agree = 5.

Employees from five reputable banks in Bahrain were targeted, four commercial and one Islamic bank, three of them have more than 200 employees, which are considered to be large reputable commercial banks, and two banks that have fewer than 200 employees. Total of 425 employees were asked to participate in the survey. The questionnaires were distributed to employees in the studied banks. Selected participants were randomly approached. The questionnaire survey was gathered after two weeks, and 202 survey were returned, a response rate of 47.5%. Participants were commercial bankers including junior, senior and management staff members; all employees were aged between 20 to 59 years and they had different levels of education.

Results & Discussion

Demographics

The highest percentage of the study sample was 76 subjects for an age range between 20 and 29 years, which represents 50% of the study sample, while eight subjects were aged between 50 and 59 (5%). As per gender, the sample consisted of 91 male subjects (60%). The education level of participants were 13 high school completers (9%), 20 diploma holders (13%), 69 bachelor graduates (46%), 44 master graduate (29%), one PhD graduate (1%) and four other professional qualifications (3%). Finally, the sample consisted of 50 junior staff (33%), 71 senior staff (47%) and 30 management staff (20%).

One way ANOVA testing was used to determine significant differences in job satisfaction level among age, gender, education level and employment type. The results show no effects of the demographic variables on employees' job satisfaction as presented in Table 1 below

Table 1: The Effect of the Demographic Variables on Job Satisfaction

Demographic Variables	F. Value	p-value
Age	2.360	.098
Gender	1.047	.374
Education level	.057	.812
Employment Type	.761	.579

One way ANOVA testing was then used to determine significant differences in organizational commitment level among age, gender, education level and employment type. Again, there were no significant differences (Table2).

Table 2: The Effect of the Demographic Variables on Organizational Commitment

Demographic Variables	F. Value	p-value
Age	1.416	.246
Gender	1.712	.167
Education level	.529	.468
Employment Type	.693	.630

Hypotheses Testing

After controlling for age, gender, education level, and employment type as a predictor of the effect of pay, supervisor attitude, working conditions, and job security on job satisfaction to ensure that possible differences in those variables are not confounded with possible relation as per the theoretical model.

In hypotheses 1 through 4, it was postulated that pay, supervisor attitude, working conditions and job security would have a significant relationship with job satisfaction on Bahrain Banking sector. As shown in Table 3, all the four hypotheses were supported, as pay, supervisor attitude, working conditions and job security positively predicted the intercept of job satisfaction ($\beta = .63, .33, .48, .47$) respectively with a significant level ($p < .01$), meaning that employees who have a higher pay, positive supervisor attitude, and favorable working condition had more egalitarian job satisfaction.

Table 3: Hierarchical linear modeling results predicting job satisfaction versus independent variables

Predictors	R	R ²	β	R Δ	ΔF	p
Intercept, B0	0.40	0.16		0.16	3.90	0.00
Age						
Gender						
Educational level						
Employment Type						
B01,						
Pay	0.52	0.27	0.63**	0.11	25.17	0.00
Supervisor Attitude	0.32	0.15	0.33**	0.11	12.16	0.00
Working Conditions	0.42	0.22	0.48**	0.11	16.27	0.00
Job Security	0.41	0.21	0.47**	0.11	15.98	0.00

β = standardized hierarchical linear modeling coefficient. * $p < .05$ ** $p < .01$

Pay was found to affect the level of job satisfaction (H1) .This is in line with the findings of Grace and Khalsa (2003), who found that payment package is one of the most significant employees' job satisfaction factors, and Oshagbemi (2003) who found an important connection between payment and workers' levels of job satisfaction.

Supervisor attitude had a significant impact on the level of employees' job satisfaction (H2 results).This is in line with the findings of Okpara (2004), who found that employees' job satisfaction can be increased throughout the help of supervisors. Likewise, Chen (2001) found that supervisor attitude has a direct and significant relationship with the levels of workers' job satisfaction.

The third hypothesis finding showed a significant relationbetween conditions and the level of employees' job satisfaction. This is in line with the findings of Ceylan (1998), who found that working conditions impact employees' satisfaction. Moreover, Guest (2004) concluded that significant factors such as unfavorable working conditions have a negative effect on the level of employees' job satisfaction.

Similarly, job security was found to affect the level of employees' job satisfaction (H4). This is in line with the findings of Shahu and Gole (2008), who found that job insecurity, has a negative impact on workers' job satisfaction and Khalid et al. (2012), who stated that workers in the public sector are more satisfied with their job security as compared with workers in the private sector.

The awareness of organizational commitment has been catalyzed largely by its demonstrated positive relation to work behaviors such as high productivity, job satisfaction and low turnover (Cohen, 2003). This study found that the independent variable job satisfaction shows a positive and significant relationship with organizational commitment.

Table 4: Hierarchical linear modeling results predicting versus independent variables; job satisfaction, and pay

Predictors	R	R ²	β	R Δ	ΔF	p
Intercept, B0	0.40	0.16		0.16	3.90	0.00
Age						
Gender						
Educational level						
Employment Type						
B01,						
Job satisfaction	0.56	0.31	0.65**	0.21	29.32	0.00
Pay	0.52	0.29	0.53**	0.20	26.45	0.00

β = standardized hierarchical linear modeling coefficient. *p < .05 **p < .01

The fifth hypothesis concerned the relation between employees' job satisfaction and organizational commitment. The results in table 4 showed a strong relation(β =.65, p<.05). This is in line with the findings of Sarwar and Khalid (2011), who found a strong and positive relationbetween job satisfaction and worker commitment, and Valle and Witt (2001), who found that job satisfaction increases when workers are committed to their organizations. Parker and Wright (2001) also found a relation between compensation and worker commitment.

The sixth hypothesis supported that pay satisfaction affect positively the organizational commitment. The result in table 4 showed a strong relation($\beta = .53$, $p < .05$). This is in line with the findings of Muhlau and Lindenberg (2003), who found that employees who are satisfied with their pay have positive feelings toward their organizations, and Dhawan and Mulla (2011), who found that pay satisfaction has a significant relationship with two organizational commitment dimensions, normative commitment and affective commitment.

Implications

Employees constitute the most important ingredient of the organization. The organization may consider enhancing the satisfaction levels of employees and have the capability to do so, because satisfied employees will increase their productivity and effort to achieve organizational goals and missions(Rast&Tourani, 2012).

Bahrain banks' management should consider factors such as pay, supervisor attitude, working conditions and job security because of their effect on the level of employees' job satisfaction. They should also ensure that the bank's rules and regulations meet employee satisfaction and reinforce organizational commitment as well as pay attention to the related issues that affect employees' job satisfaction and organizational commitment.

This study found that the independent variable pay satisfaction has a positive and significant relationship with organizational commitment. By enhancing compensation practices and conditions, commitment will increase, turnover will decrease and worker morale will get stronger.

The challenge for human resource management in Bahraini banks is to change executive's tendencies to consider employee pay as an expense, and, instead, ensure that its employees are seen as important human resource investments. Utilizing employee pay as a method of enhancing employee satisfaction and commitment is the best method to achieve banking goals. Further, job satisfaction increases after years of experience and improves organizational commitment thereafter. Human resource management in Bahraini banks should thus frame policies to provide fair benefits to employees to reinforce their efficiency and to achieve organizational goals and growth

Limitations& Future research directions

This study considered only a few elements of job satisfaction, namely pay, supervisor attitude, working conditions and job security. Other elements may also affect job satisfaction level in the banking sector. The present study was also limited to the banking sector. Thus, the outcomes might not be generalized in other industrial sectors of the economy. Finally, the procedure utilized for data collection in this research study was questionnaire survey, other qualitative method, such as interviews, might be consider in future research to explore the issue in detail and increase the study's validity.

This research provides a platform for future researchers to investigate the relationship between pay and organizational commitment in the region. A comparative study can be carried out to compare conventional and Islamic banks in Bahrain and/ or other dvloping countries.

Conclusions

This study emphasizes employees' job satisfaction and commitment as crucial for banks in Bahrain to achieve their goals and objectives. It examined the impact of specific variables on job satisfaction and organizational commitment as under researched area in some developing countries, e.g. Bahrain. The current research provides one of the tools to approach it, too. This study adds to the job satisfaction literature in developing countries, offers recommended actions, and provides directions for future research.

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