

Reprint

ISSN 1997-2571 (Web Version)

Journal of Innovation & Development Strategy (JIDS)

(J. Innov. Dev. Strategy)

Volume: 9

Issue: 3

December 2015

J. Innov. Dev. Strategy 9(3): 1-6 (December 2015)

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ORGANIZATIONAL CULTURE AND JOB SATISFACTION IN THE BANKING SECTOR OF BANGLADESH

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Accepted for publication on 5 November 2015

ABSTRACT

Sultana A, Kabir MZ, Rahman MM (2015) Organizational culture and job satisfaction in the banking sector of Bangladesh. *J. Innov. Dev. Strategy*. 9(3), 1-6.

The purpose of this study was to investigate the impact of organizational culture and to measure the job satisfaction as applied to executives of private banks. Another purpose of this study was to determine whether perceptions of different employees are different about organizational culture and job satisfaction or not. Based on the previous relevant research studies seven factors were identified for both organizational culture and job satisfaction. This study operationally defined culture in terms of supervisor support, communication, rules and policies, and rewards and benefits. The data were collected through the distribution of a structured questionnaire among 130 employees through a stratified random sampling. Validity of the scale was ensured using factor analysis. Data was analyzed using correlation and regression analysis. Data was collected through personal interview from 21 April to 30 June 2015. Multiple Regression analysis was used for testing the impact of seven factors of organizational culture on job satisfaction. The result shows as cultural factors – supportiveness, reward system, compatibility, security, and privacy, leadership style, subordinate attitude and communication structure make a significant impact on job satisfaction. It must be needed for all organizations to give emphasis on reward system because it is very effective way for increasing employee's satisfaction level.

Key words: banks, benefits, organization, correlation, reward

INTRODUCTION

After 1980's, many researchers and academics paid attention to organizational culture as an important determinant of organizational success. Organization culture is a system of shared meaning held by members that distinguishes the organization from other organizations. This is a set of characteristics that the organization values. The most important factor contributing in the success of any organization is the work force of the organization which provides an inimitable source of competitive advantage. One of the concepts which have been studied numerously in the past is the job satisfaction, which is one of the most common factors that enable the employees to be more motivated, committed and loyal towards their work and effectively participate in achieving the organization's over all goals (Chang and Lee, 2007). Culture has a direct impact on the job satisfaction of the employees and it has been observed through literature the more the organization is flexible, follows the participative management style with a strong communication and acknowledge with the rewards and benefits unbiased distribution higher will be the satisfaction level of the employees followed by organization moving on the track of success (McKinnon *et al.* 2003). Banking sector is one of those sectors in which the work pressure has always been high. There are number of the task in which they remain involve round the year the same is the case with the banks operating in Bangladesh and it's one of the common observations that the stress level of the employees is very high; and is one of the reasons for the selection of the banking sector as the area of this study. This study highlighted some key features which enabled the key executive managers to probe out some of the important aspects for the decreasing satisfaction level in the employees and to redesign some of its culture blocks to increase the job satisfaction of the employees which in turns a key to reduce the switching over and absenteeism rates. In recent years across the world, has brought the tremendous changes in the working of financial institutions in general managers of banks, mainly depends on organizational culture such as supportiveness, reward, security and privacy, leadership style, subordinate attitude, communication structure etc. Because the organization culture have the impact to increase the profitability of the banking sectors, and this profitability earned through the employees. If the employees are satisfied to their organizational culture then the institutions get huge profitability for their performance. So, there have the direct relationship between organizational culture and employee's job satisfaction. In Bangladesh, several studies have been carried out to explore the impact of organizational culture on job satisfaction of the employees. But no or limited information are documented considering this topic in banking sectors. Therefore the present study is undertaken to provide the suggestions on what factors of organizational culture are most significant to achieve the job satisfaction of the employees in the banking sectors of Bangladesh. The main aim of this study is to test the job satisfaction of the employees according to the organizational culture. Secondly, to investigate the factors of organizational culture, that has most impact on job satisfaction level of employees.

REVIEW OF LITERATURE

Ahmed (2005) investigated the relationship between the two variables and revealed that three organizational climate are positively related to the job satisfaction whereas equity and empowerment are negatively related to the job satisfaction. Khan and Parveen (2014) found that job satisfaction of operational staff is determined through organizational climate, occupational stress, age and gender. Aldhuwaihi (2013) used four types of culture (clan, adhocracy, market, hierarchy) to measure job satisfaction and reported that employees get higher levels of job satisfaction in clan and adhocracy culture types. Grover and Waheel (2013) stated that seven factors have significant influence on job satisfaction are fairness, working conditions, job security, performance,

salary and other benefits, comfortable working environment, training and demographic factors. Belias and Koustelios (2014) provided a critical review of the relation between organizational culture and the levels of job satisfaction experienced by employees. Rasool *et al.* (2012) reported that bureaucratic, innovative and supportive cultures influenced the employee's job satisfaction.

MATERIALS AND METHODS

This study used survey design aimed to find out job satisfaction among the employees of the selected banks and was conducted in Rangpur and Dinajpur districts. In order to conduct this research some banks were purposefully selected from the study area. A total of 130 bank officers of First security Islami Bank, Exim Bank, City Bank, South East Bank, Mutual trust Bank, NCC Bank Limited, City Bank, Standard Bank, Mutual trust Bank and Standard Bank were purposively selected as sample of the study. Overall satisfaction has been taken as a dependant variable and various other factors like supportiveness, job security and privacy, reward system, work environment etc. are considered as the independent variables. Bank officers in this study refer to top level, mid level and first line officers. A questionnaire was developed, using 5 point rating scale (1=highly disagree, 2=disagree, 3=neutral, 4=agree, 5=highly agree). Both open-ended and close-ended questions were included in the questionnaire. Interview technique with the questionnaire was applied for data collection. The interviews were conducted from April 21 to June 30, 2015. The statistical tools used for analyzing the data are descriptive analysis, correlation, multiple regression analysis and factor Analysis.

RESULTS AND DISCUSSION

Personal profile of the respondents

The personal profile includes age, gender, years of experience in the present bank, job title, and monthly salary. The respondent's age was categorized into four groups. The first age group ranges between 21-30 years, the second is 31-40 years, the third is 41-50 years, and the fourth is above 50 years. The demographic profile of respondents is shown in table 1 reveals that 13.1% of the respondents were between the age of 21-30, followed by 53.1% of the respondents who were between the age of 31-40 years, 26.2% were between the age of 41 to 50 years, 7.7% are the age of above 50 years. The descriptive statistics highlights that the majority of respondents were between the ages of 31 to 40 years. It is found that 86.2% respondents are male and 13.8% respondents are female. Regarding work experience 30% of the respondents had one to 5 years of experience with their current banks, followed by 34.6% with 6 to less than 10 years, 18.5% with 11 to less than 15 years, and finally 16.9% with 16 years or above of experience. Considering the level, it is shown that only 1.5% respondents are in top level, 42.3% respondents are in mid-level and 56.2% respondents are first line. It is also found that 20.8% respondent's income are 10 to 20 thousands, 34.6% respondent's income are 21 to 30 thousands, 30.8% respondent's income are 31 to 40 thousands and 13.1% respondent's income are 41 to 50 or above.

Table 1. Descriptive statistics of the profile characteristics of the respondents

	Frequency	Valid (%)	Cumulative (%)
Age			
21 to 30	17	13.1	13.1
31 to 40	69	53.1	66.2
41 to 50	34	26.2	92.3
Above 50	10	7.7	100.0
Total	130	100.0	
Gender			
Male	112	86.2	86.2
Female	18	13.8	100.0
Total	130	100.0	
Work experience			
1 to 5 years	39	30.0	30.0
6 to 10 years	45	34.6	64.6
11 to 15 years	24	18.5	83.1
16 years or above	22	16.9	100.0
Total	130	100.0	
Position			
Top level	2	1.5	1.5
Mid level	55	42.3	43.8
First line	73	56.2	100.0
Total	130	100.0	
Income			
10 to 20	27	20.8	20.8
21 to 30	45	34.6	55.4
31 to 40	40	30.8	86.2
41 to 50 or above	17	13.1	99.2
5	1	0.8	100.0
Total	130	100.0	

Source: Authors' estimation from survey data

Correlation results

The study is undertaken to find out the relationship between organization culture and job satisfaction. Correlation analysis was carried out to find out the nature of inter-relationship between the variables.

Table 2. Correlation between the factors of organization culture and job satisfaction

		Supportiveness	Security and privacy	Reward	Compatibility	Leadership style	Subordinate attitude	Communication structure	Job satisfaction
Job satisfaction	Pearson Correlation	0.616**	0.811**	0.922**	0.516**	0.768**	0.863**	0.477**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	N	130	130	130	130	130	130	130	130

Source: Authors’ estimation based on survey data

Table 2 reveals that, the value of correlation coefficient of security and privacy is 0.811 at 0.01 percent significance level which is quite close to +1. This strong positive relationship indicates that job satisfaction will increase proportionately with security and privacy. Thus in can be said that as a factor of organizational culture, if the organizations have more security and privacy, there have more job satisfaction of the employees. Again in case of reward system and subordinate attitude the correlation coefficients are 0.922 and 0.863, respectively which are also closer to +1 and these factors are also affect job satisfaction proportionately. In case of communication structure and compatibility the correlation coefficients are 0.477 and 0.516, respectively at significance level of 0.01 though it is not as much stronger as security and privacy or reward system but still a positive one. It indicates the same relation but with relatively less extent. The correlation coefficient for the leadership style and supportiveness are 0.786 and 0.616 which is significant at 0.01 percent level which is a bit better than communication structure and compliance but less than other factors.

Multiple Regression Analysis

In this study multiple regression analysis is used as a statistical technique for determination of estimated value of the dependent variable with respect to one or more independent variables and also to determine the cause and effect of relationship of the variables.

Table 3. Model summary of multiple regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.969 ^a	0.939	0.935	0.17939

a. Predictors: (Constant), Communication structure, Compatibility, Leadership style, Supportiveness, Security and privacy, Reward, Subordinate attitude.

Source: Authors’ estimation based on survey data

R square describes the strength of relationship between all the independent variables and dependent variables, and if the value of R square is closer to 1, stronger the association it predict. In table 3 R square is 0.939 that is strong enough to describe the relationship between the dependent and seven independent variables are communication structure, compatibility, leadership style, supportiveness, security and privacy, reward, subordinate attitude. This also indicates that job satisfaction is influenced by organization culture by 93.9%. Remaining 6.1% are determined by other factors.

Table 4. ANOVA for multiple regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60.066	7	8.581	266.659	0.000 ^a
	Residual	3.926	122	0.032		
	Total	63.992	129			

a. Predictors: (Constant), Communication structure, Compatibility, Leadership style, Supportiveness, Security and privacy, Reward, Subordinate attitude

b. Dependent Variable: Job satisfaction

Source: Authors’ estimation based on survey data

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. Table 4 shows that, the independent variables statistically significantly predict the dependent variable, F (7,130) =266.659, at 1% significance level (i.e., the regression model is a good fit of the data).

Table 5 shows the extent of influence of each independent variable on the dependent variable. Compatibility is not significant to job satisfaction. Supportiveness is significant at 5 percent level of significance whereas, security and privacy, reward, leadership style, subordinate attitude and communication structure are significant at 1 percent level of significance to job satisfaction.

Table 5. Coefficients of multiple regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.328	0.108		3.051	0.003
	Supportiveness	0.060	0.030	0.068	2.007	0.047
	Security and privacy	0.167	0.031	0.217	5.477	0.000
	Reward	0.501	0.042	0.504	11.956	0.000
	Compatibility	0.016	0.020	0.022	0.796	0.428
	Leadership style	0.097	0.034	0.105	2.856	0.005
	Subordinate attitude	0.096	0.034	0.146	2.878	0.005
	Communication structure	0.076	0.028	0.079	2.706	0.008

a. Dependent Variable: Job satisfaction

Source: Authors' estimation based on survey data

Factor Analysis

KMO and Bartlett's Test is used to examine the accuracy of sample. The result of Kaiser-Meyer-Olkin and Bartlett's test is given in table 6.

Table 6. Results of KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.836
Bartlett's Test of Sphericity	Approx. Chi-Square	892.134
	df	28
	Sig.	0.000

Source: Authors' estimation based on survey data

Kaiser-Meyer-Olkin Measure of Sampling Adequacy measure varies between 0 and 1, and values closer to 1 are better. The test result shows that the current sample is adequate for factor analysis. Table 6 shows the current data yield about 83.6% accuracy at 1% level of significant for the factor analysis. The value 0.836 is much closer to the 1 which is better. Here the value of 0.6 is a suggested minimum.

Table 7. Communalities

	Initial	Extraction
Supportiveness	1.000	0.715
Security and privacy	1.000	0.784
Reward	1.000	0.801
Compatibility	1.000	0.475
Leadership style	1.000	0.674
Subordinate attitude	1.000	0.869
Communication structure	1.000	0.813
Job satisfaction	1.000	0.932

Extraction Method: Principal Component Analysis

Source: Authors' estimation based on survey data

Communalities are the proportion of each variable's variance that can be explained by the factors. It is also noted as h^2 and can be defined as the sum of squared factor loadings for the variables. The outcome of table 7 shows the Communalities before and after Extraction. Before extraction the communalities are all 1. After Extraction some of the factors are discarded and some of the information lost. The amount of variance of each variable that can be explained by the retained factors is represented by communalities after Extraction.

Table 8. Total variance explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.051	63.132	63.132	5.051	63.132	63.132	3.940	49.246	49.246
2	1.011	12.642	75.774	1.011	12.642	75.774	2.122	26.528	75.774
3	0.715	8.937	84.710						
4	0.472	5.905	90.615						
5	0.312	3.894	94.510						
6	0.266	3.329	97.839						
7	0.128	1.604	99.443						
8	0.045	0.557	100.000						

Extraction Method: Principal Component Analysis.

Components extracted.

Source: Authors' estimation based on survey data

Here the Eigen values associated with each linear component (factor) before extraction, after extraction and after rotation. Eight linear components were identified through analysis within the data set. Factor 1 explained

63.132% of the total variance. First few factors represent the higher value whereas subsequent factors explain the lower amount of variance. Before Rotation factor 1 accounted for considerably more variance than the remaining one 63.132% compared to 12.642%, however after extraction its accounts for only 49.246% of variance compared to 26.528%.

Scree plot

The scree plot is given in figure 1 and shows that many factors should be retained for analysis. The scree plot graphs the Eigen value against the factor number. There is no clear answer. But a couple rules of thumbs. One rule is to consider only those with Eigen values over 1. Another rule is to plot all the Eigen values in their decreasing order. The plot is look like side of a mountain. And “scree” refers to the debris fallen from a mountain and lying at its base. From the second factor on, you can see that the line is almost flat, meaning the each successive factor is accounting for smaller and smaller amounts of the total variance.

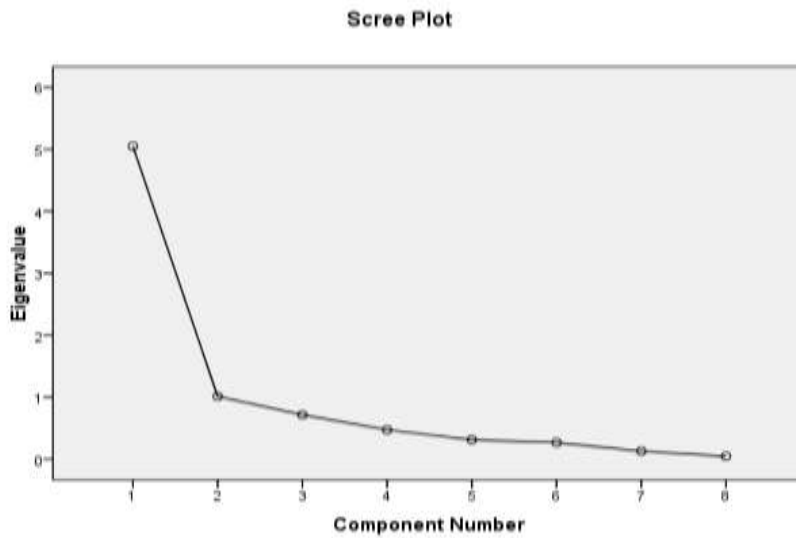


Fig. 1. Scree plot

Table 9. Rotated Component Matrix

	Component	
	1	2
Supportiveness	0.374	0.758
Security and privacy	0.866	0.186
Reward	0.792	0.417
Compatibility	0.689	0.021
Leadership style	0.658	0.491
Subordinate attitude	0.894	0.264
Communication structure	0.067	0.899
Job satisfaction	0.844	0.468

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Source: Authors’ estimation based on survey data

Table 9 shows the factor loadings for each variable. Considering across each row and highlighting the factor that each variable loaded most strongly on, the factors represent the second 5 subtests loaded strongly on Factor 1, Coding loaded strongly on Factor 2 are supportiveness, reward system, leadership style and communication structure, although reward system and leadership style are also loaded on Factor 1.

CONCLUSION

Banking profession is very attractive and also secured with the awesome organizational culture (supportiveness, reward system, security and privacy, leadership style, subordinate attitude, compatibility, communication structure). The rules and policies of the employees of the banks determine the satisfaction level of the employees in their job. It also needs to take some steps for making banking profession comfortable. Every employee wants to see his or her place in good condition. But the good condition of his or her largely depends on his or her harmonious relation with the bank. So, it can be suggested that the bank’s policies or culture should be made to give equal opportunities for all staffs. It is realized that financial security from the job really motivates the staff to be more professional and dedicated to their service. In spite of that, some probable

solutions were found of the identified problems on the basis of collected data, observation, expert staff opinion and own knowledge and judgments. The following necessary steps are Employees should be encouraged to commit themselves to create a dedicated workforce for banking institution. To encourage “competitive culture” seniority based promotion policy should be abolished. For a competent employee “time Span” to be prompted to the next rank should be verified. To maintain satisfied and dedicated work force performance based compensation package should be introduced. Frequent transfers lead someone to furnish with day to day work only. Transfer policy should be verified for overall development of banking industry. Greatest concern has been seen for recoveries against social banking. The current study measures the satisfaction level of employees in the banking sector based on some key factors of organizational culture like supportiveness. Reward, security and privacy and leadership style etc. Employee is one of the key factors of the success of each organization. No organization can make success without a certain level of satisfaction and effort from its employee’s. The findings of this study will make significant contributions to the fields of organizational and employee behavior. It will also help them to make decisions regarding their HRM practices. In addition, it will contribute to theoretical knowledge on the influence of organizational culture on job satisfaction. Taking into consideration the ever-increasing globalization of business, there is a greater need to broaden the study of organizationally important phenomena beyond the cultural boundaries. This research may encourage further study including some new variables like reward system, job analysis, good and safe working condition, employee relations, and so on.

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