



## PERCEPTION TOWARDS PAY SATISFACTION OF BANK EMPLOYEES: A DESCRIPTIVE STUDY

Dr. Dhanonjoy Kumar<sup>1</sup>, Humaira Siddika<sup>2</sup>

<sup>1</sup>Associate Professor, Department of Management, Islamic University, Kushtia, Bangladesh.

<sup>2</sup>Research Scholar, Department of Business Administration, University of Kalyani, West Bengal, India,

### ABSTRACT

*This study examines pay satisfaction in public and private sector bank employees in Bangladesh. Pay satisfaction results in higher performance and greater productivity while pay dissatisfaction may bring about poor performance, lack of commitment, moonlighting, absenteeism, and high rate of labor turnover which affect productivity. The study employed the survey research design. The sample size used in this study was 414 bank employees randomly selected from each of the four public and four private commercial banks in Bangladesh. The results show pay disparity between public and private sector bank employees. The private banks are paying better than the public bank. Pay satisfaction is low both in the public and private sector banks. The study recommends that improvement in the level of pay satisfaction both public and private sector banks. Constant improvement of work conditions, opportunities for training and career development, improve pay and promotion policy.*

**Key Words:** (PAY SATISFACTION, BANK EMPLOYEES, HUMAN RESOURCE MANAGEMENT, BANK.)

## INTRODUCTION

Pay constitutes an integral part of the success of any organization. It motivates employees to put more effort in their services of the organization and this in turn reflects positively on the efficiency and productivity of the organization. It is the single most important motivator used in the workplace. Pay is an important process in human resource management covering economic rewards in form of wages and salaries and various forms of non-wage economic payments called fringe benefits, indirect compensation or supplementary pay. The significance of pay emanates mainly from the fact that it provides income to workers and constitutes an important cost item to the employer. It is the single largest cost for many organizations. It provides the means of satisfying wants and needs for the workers. Herzberg (1979) identifies pay as a satisfier and a hygienic factor. Pay motivates workers to achieve desired performance and improve morale and complies with labor contract and governmental regulations. Pay is a major factor in attracting individuals to an organization, persuading them to remain and inducing them to contribute positively to achieve corporate goals. Pay disparity has to do with comparative differences in pay between employees in similar organizations for similar jobs. This study has tried to reveal the pay satisfaction among the bank employees in Bangladesh. Banks are service providing organizations. Doing their jobs they feel monotonous and risky. Everywhere in this world, banking industry is playing a vital role in the economic development. Banking industry of Bangladesh is one of the major service sectors, which contributes significantly to the national economy. The sector comprises a number of banks. Bank is a financial institution that collects society's surplus cash and gives a part of that as loan to investors for earning profit. So bank is an intermediary institution that makes relationship between the owner of surplus savings and the investor of deficit capital. In this process, banks earn profit by receiving interest from the borrowers who want to take short-term and or long-term loans and making relatively lower interest payment to the depositors for providing their funds for use by the bank (Khan, A.R., 2013). In terms of ownership it can be classified into four major categories, namely– State-owned Commercial Banks (SCBs), Specialized Banks (SBs), Private Commercial Banks (PCBs), and Foreign Commercial Banks (FCBs). With the opening up of the economy of Bangladesh, a dramatic change has been observed both in manufacturing and service sectors. This has brought higher employment opportunities, increases in income level, and changes in consumption pattern. All these have resulted in an emergence of a competitive environment in the country.

## LITERATURE REVIEW

Pay is an exchange between employees and the employer. An organization is as good as the people it is able to attract and keep. It must be able to pay its employees the worth of their services. Pay is a form of periodic payment from an employer to an employee, which is normally specified in an employment contract between an employer and an employee. Khalid and Irshad, (2010) examined the constituents of job satisfaction which are performance, pay, promotion, remuneration, and appreciation besides overall job satisfaction, their results concluded that employees working private sector banks were more gratified with their salary, acknowledgement, and working hours as compared to employees of public sector banks, whereas the employees of public sector banks were happy with the security of their jobs. Shrivastava and Purang, (2009) suggested that the public sector bank needs to increase employees' pay satisfaction by introducing a differential pay system based on one's merit and effort. In addition, human resource practices must be effectively and fairly used to enrich one's job. HR practices can be potentially used to chalk out employees' career paths by ensuring the proper disbursement of growth and training programs. Taylor and Vest, (2002) asserts that pay is an important reward used in motivating the behavior of employees. Although, other behavioral factors or work conditions are important for enhancing satisfaction at the workplace, the satisfaction derived from pay is very important and cannot be over-emphasized. Pay has played an important role to achieve of the organizational goals and objectives. A high level of pay ensures that an organization attracts and retains high-quality employees; though this might have a negative impact on its overall labor costs. Belcher, (1979) describes pay as a double input-output exchange between a worker and the employer. The input of efforts and output of wages to the workers are established. In this double input-output exchange process, the employer offers basic pay for the worker's availability, qualification, experience and productivity. The employer offers benefit of various qualities to the employees based on the latter's membership of the employer organization. Incentives are offered in settlement for specific performances of different organizational members. Effective compensation policies aim at minimizing conflicts and tension in an organization. It restores equity and job satisfaction, removes imbalance and enhances status quo. Khan et al. (2011) revealed that the compensation management had a direct and intense relation with the job satisfaction as well as job motivation. The results also revealed the changing trend of compensation plans in banking sector of Pakistan. Ahmed et al. (2012) indicated that employees at the banking sector in Bangladesh expressed satisfaction

with their co-workers, followed by the nature of the work and the supervision they receive. Opportunities for promotion and pay emerged as major sources of dissatisfaction. Some studies on pay satisfaction of bank employees were conducted in our country and other countries. Several research works have been done on various aspects of banks by the renowned researchers but no comprehensive study has been conducted so far in the arena of perception towards pay satisfaction of bank employees in Bangladesh in the present context. In this context present study has been undertaken.

## **OBJECTIVES OF THE STUDY**

- i) To assess the overall level of pay satisfaction of bank employees;
- ii) To find out the relationship between pay satisfaction and demographic variables;
- iii) To suggest appropriate policies for improving and maintaining of bank employees pay satisfaction.

## **HYPOTHESIS OF THE STUDY**

From the light of the review of literature and objectives of the study stated earlier, that the study tested the following null hypotheses:

Ho: There is a significant relationship between in pay and demographic factors;

Ho: There is no significant difference in pay between Public and Private sector banks.

## **METHODOLOGY OF THE STUDY**

The study followed a quantitative approach to achieve the objectives of this study, which was descriptive in nature. There were four demographic variables such as age, gender, experience and education to identify their impact over bank employees' pay satisfaction. The dependent variable is pay satisfaction of bank employees'. Simple random sampling was used to collect the data. Both primary and secondary data have been collected for the purpose of the study. A total of 414 respondents (taking 207 from each division Dhaka and Khulna) were taken from two categories of banks employees in Bangladesh. Sample was drawn from 4 public sector commercial banks (Sonali Bank Limited, Agrani Bank Limited, Janata Bank Limited, Rupali Bank Limited) and 4 private sector commercial banks (Pubali Bank Limited, National Bank Limited, Dutch Bangla Bank Limited, and United Commercial Bank Limited) in eight districts namely Dhaka, Rajbari, Faridpur, Madaripur, Kushtia, Jhenaidah, Jessore and

Khulna. Five point likert scale used for data collection; 1 = Very dissatisfied, 2 = dissatisfied, 3 = neither satisfied nor dissatisfied, 4 = satisfied and 5 = very satisfied. All types of data were processed through computer based Statistical Package for Social Science (SPSS) developed by Nie et al., (1975). Before feeding the data into computer, all data were converted into numerical codes and the details of these coding were recorded in a code book. The descriptive statistics was based on frequency percentage, mean, standard deviation and correlation analysis.

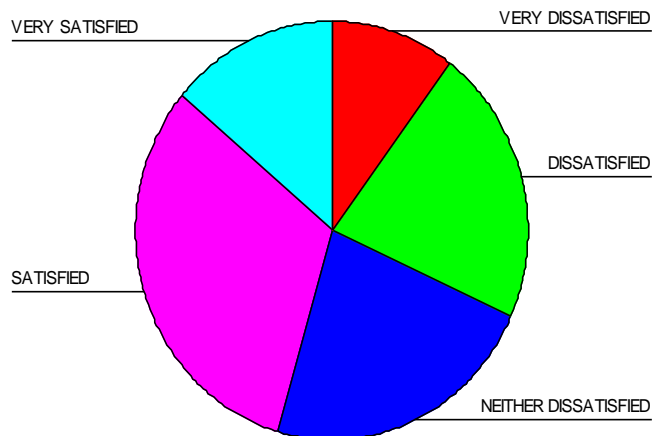
## DATA ANALYSIS AND DISCUSSION

Out of total 414 respondents which become the percentage of 87.2% for male and 12.8% for female respectively. It has been seen that of about 37.4% of respondents belong to a age group of 25-30, 36.7% of respondents belong to a age group 31-35, 5.6% of respondents belong to a age group 36-40, 6.8% of respondents belong to a age group 41-45, and only 13.5% respondents was representing the 46 years to above of age class. Respondents related to public sector banks were about 50% and of private sector banks were about 50% respectively. It has also been observed that the greatest number of respondents completed masters' degree of about 86.2%, 9.2% of the respondents completed Bachelor degree and only 4.6% respondents was pass SSC and HSC. Among 12.6% of the respondents were highly experienced (more than 21 years). Majority 63.8% respondents have 1-5 years job experience, 14.7% have the experience of 6-10 years, 5.6% have experience of 11-15 years and 3.4% have the experience of 16-20 years. The mean values of pay satisfaction Public bank employees' were 3.00 and Private bank employees were 3.35.

**Table-1: Respondents Opinion about Pay**

<b>Level of Satisfaction/Dissatisfaction</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Very dissatisfied	42	10.100	10.100
Dissatisfied	89	21.500	31.600
Neither dissatisfied nor satisfied	94	22.700	54.300
Satisfied	132	31.900	86.200
Very satisfied	57	13.800	100.000
<b>Total</b>	<b>414</b>	<b>100.000</b>	

*Source: Field Survey*



**Figure-1: Respondents Opinion about Pay**

Data in the table 1 shows that majority, 132 or 31.9 % respondents are satisfied in their earned pay, 57 or 13.8% respondents are very satisfied, 94 or 22.7% respondents are neither dissatisfied or nor satisfied, 89 or 21.5% respondents are dissatisfied and 42 or 10.1% respondents are very dissatisfied.

**Table-2: Correlation Analysis of Respondents Demographic Variables and Pay**

Subject	Pay Satisfaction	Age	Sex	Experience	Education
Pay Satisfaction	1	.200(**)	.004	.207(**)	-.010
Age		1	-.131(**)	.909(**)	.403(**)
Sex			1	-.087	-.025
Experience				1	.460(**)
Education					1

*Source: Field Survey*

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

The table 2 represents that age, sex and experiences are slightly positive correlated with pay. On the other hand education was slightly negatively correlated with pay.

**Table-3: Cross tabulation Pay with Age**

		Age (Year)					Total
		25 - 30	31 - 35	36 - 40	41 - 45	46 Years to Above	
Pay	Very Dissatisfied	23	15	2	0	2	42
	Dissatisfied	41	31	5	3	9	89
	Neither Dissatisfied nor Satisfied	37	33	4	7	13	94
	Satisfied	35	56	9	10	22	132
	Very Satisfied	19	17	3	8	10	57
Total		155	152	23	28	56	414

Source: Field Survey

**Table-4: Cross tabulation Pay with Sex**

		Sex		Total
		Male	Female	
Pay	Very Dissatisfied	38	4	42
	Dissatisfied	77	12	89
	Neither Dissatisfied nor Satisfied	81	13	94
	Satisfied	114	18	132
	Very Satisfied	51	6	57
Total		361	53	414

Source: Field Survey

**Table-5: Cross tabulation Pay with Experience**

		Experience (Year)					Total
		1 - 5	6 - 10	11 - 15	16 - 20	21 Years to Above	
Pay	Very Dissatisfied	38	0	2	0	2	42
	Dissatisfied	67	10	3	1	8	89
	Neither Dissatisfied nor Satisfied	64	10	4	2	14	94
	Satisfied	65	32	9	8	18	132
	Very Satisfied	30	9	5	3	10	57
Total		264	61	23	14	52	414

Source: Field Survey

**Table-6: Cross tabulation Pay with Education**

		Education			Total
		Masters and Above Degree	Bachelor Degree	SSC and HSC Pass	
Pay	Very Dissatisfied	39	1	2	42
	Dissatisfied	79	5	5	89
	Neither Dissatisfied nor Satisfied	72	16	6	94
	Satisfied	117	10	5	132
	Very Satisfied	50	6	1	57
Total		357	38	19	414

Source: Field Survey

Discussion from the above cross tabulations table 3, 4, 5 and 6 we see that older employees are more satisfied than younger employees about pay. The perception between male and female employees about pay is quite same. Experienced and skill employees are more satisfied from unskilled and less experienced employees about pay. Higher and lower educated employees are more satisfied than mid level educated employees.

### **MAJOR FINDINGS OF THE STUDY**

The main findings of the study conducted on "Perception towards Pay Satisfaction of Bank Employees: A Descriptive Study " are summarized below:

- Overall level of pay satisfaction from 414 respondents 132 are satisfied, 57 are very satisfied , 94 are neither dissatisfied nor satisfied, 89 are dissatisfied and 42 are very dissatisfied.
- The study shows that significant differences exist between employees of Public Sector Banks and Private Sector Banks regarding pay and increments. The employees of Private Sector Banks think that they enjoy more pay increments and revisions than those of Public Sector Banks employees.
- Age, Sex and Experience were positively correlated with pay and education was negatively correlated with pay.
- If experience increases pay satisfaction increase.
- Senior employees enjoy more privileges than the junior employees.
- Male and Female employees pay satisfaction levels are quite the same.



## CONCLUSION AND RECOMMENDATIONS OF THE STUDY

This study demonstrates that the remuneration of bank employees goes a long way in determining their level of pay satisfaction. There is obvious pay disparity in public and private sector banks. The level of pay satisfaction is important because satisfaction leads to job commitment and increases productivity. It also enables an organization to attract and retain quality staff. Workers who are not satisfied with their pay are unhappy, less friendly. So, attention should be paid to public and private sector banks pay package, training and development, opportunity for career development and pay promotion facilities.

## REFERENCES

- Ahmed, S., Khalil, B., Rashed, C. A. A., Iqbal, M., & Ferdoushi, N. 2012. Effects of Some Selected Factors on Job Satisfaction in Public Banking. *IOSR Journal of Business and Management (IOSR-JBM)*. 5(3), 41-46.
- Fisher, A. A., Laing, J. E., & Strocker, J. E. 1998. Handbook for Family Planning, Operation Research Design in Sampling. *Population Council*, 40-45.
- Islam, N. & Saha, G. C. 2001. Job Satisfaction of Bank Officers in Bangladesh, *ABAC Journal, Thailand*, 21(3), 62-74.
- Khan, A. R. 2013. *Bank Management: A Fund Emphasis*. Mirpur, Dhaka: Brother Publication's.
- Khan, R. I., Aslam, H. D., & Lodhi, I. 2011. Compensation Management: A Strategic Conduit towards Achieving Employee Retention and Job Satisfaction in Banking Sector of Pakistan. *Macro think Institute, International journal of human resource studies*. 1(1), 89-97.
- Norman, H. Nie. 1975. *Statistical Package for the Social Sciences*. New York: McGraw- Hill International Edition.
- Nunnally, J. C. 1978. *Psychometric Theory (2<sup>nd</sup> ed.)*, New York: McGraw Hill Company.
- Shrivastava, A., & Purang, P. 2009. Employee Perceptions of Job Satisfaction: Comparative Study on Indian Banks. *Asian Academy of Management Journal*. 14(2), 65-78.
- Belcher D. W. (1979) Compensation Management. Engle Cliffs, Prentice-Hall.

- Herzberg, F. W., (1979) *The Motivation to Work*, Wiley, New YorkEuropean Scientific Journal December edition, 8(28) ISSN: 1857 – 7881 (Print) e -ISSN 1857- 7431 135.
- Taylor and Vest (2002) Taylor, G. S. and Vest, M. J. (1992) “Pay Comparisons and Satisfaction among Public Sector Employees”, *Public Personnel Management*, Vol. 21, pp 445-54.
- Khalid, S., & Irshad, M. (2010). Job satisfaction among bank employees in Punjab, Pakistan: A comparative study. *European journal of social sciences*, 17(4), 570-577.