

Determinants of Employee's Motivation and Commitment in Financial Sector of Pakistan

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Abstract

The main purpose of this study is to pin point the major factors that affected the employee's motivation and organizational commitment in financial sector of Pakistan. The data have been collected through a well-structured questionnaire from executives of different financial institutions in private sector. Regression, correlation and ANOVA techniques are utilized to see the cause and effect behavior. The study concluded interesting implications for bankers, financial planners and top executives. The study suggested that how entrepreneurs can motivate their employee's to make sure the achievement of organizational goals with employee's motivation and commitment.

Keywords: Employee's Motivation, Commitment, Job Satisfaction

1. Introduction

Financial institutions are playing an important role in consumer financing and economic development. They provides excellent financial services to potential customers. Among these financial institutions, banks accept deposits and finance businesses for different market players with various technologies and activities (Okerly&Boohene, 2012). This excellence aimed to satisfy domestic credit needs. These institutions has its own targets of credit disbursement, credit recovery, market penetration and utmost service delivery to particular business society.

Motivation derived from motive which means “something a need or desire that cause to person to act” (Chaudhary & Sharma, 2012). Motivation is a “process of presenting an intention that origin a person to capture some accomplishment”. According to Butkus and Green (1999) motivation means encouragement to proceed the wants. The personnel of financial institutions actions influenced by various internal and external factors to achieve their goals. Human resources are very critical for the provisions of financial services. A well-motivated staff may deliver the quality services to their clients. Employee’s behavior including loyalty, commitment and job performance determines the motivational level of employees (Bateman & Snell, 2007). Self-motivated employees may serve as a synergy to achieve organization’s goals, meet the business targets, assures efficiency, growth and performance.

Employee’s commitment accomplish the organizational goals with efficiency and effectiveness. According to O’Reilly, and Chatman (1986) effective organizational commitment refers to attachment of employee’s to achieve organization’s goals. Abdullah and Ismail (2012) observed that banking jobs are very tough due to lengthy working hours, family bindings, working environment, job security, centered empowerment and personal development. There are some other factors also that may affect the financial sector to provide utmost services to their customers. The study aimed to explore all of those factors determines the staff motivation in financial sector of Pakistan. The study aimed to explore some critical factors that are influencing employee’s performance and not noticed in case of financial sector of Pakistan.

Organizational commitment is a most important issue both for management and owners of the organization. Organizational commitment and job satisfaction both are related with the firm’s profitability and also for the good position of the business (Shore & Martin,1989).Organizational commitment ensures positive behavior among the employees. Committed employees overcome the chance of absenteeism and turnover (Igbaria& Greenhaus, 1992). The number of factors may affect employee’s motivation to work and their performance but in present study, the author has discussed some serious issue related to employee’s motivation in financial service providers.

2. Literature Review

Motivation helps to achieve desired targets and objectives. Achievement of targets determines the performance of institutions and strengthens their commitments with their employees in terms of fringe benefits. Employees put their energies, sophisticated attitude and promote team work to assure windfall gains. In turn, the institutions rewards their dedicated employees to accomplish organizational goals (Armstrong, 2003).

According to Ali and Ahmad (2009) findings, alterations in employee’s rewards affects the workers satisfactions and motivate them to work better. Khowaja, Merchant and Hirani (2005) also found that recognition and appreciation of employees work may impact in positive direction. It means that acknowledgment of workers efforts significantly contribute to success of any organization.

Daschler and Ninemeier (1989) examined that how working environment effects the performance of employees. Better and conducive environment provide opportunities for individuals; who come from different backgrounds, have different education, experiences and their family classes, to work more efficiently. They also added that recognition, clarity in workers job, supervision and job satisfaction affect staff motivation.

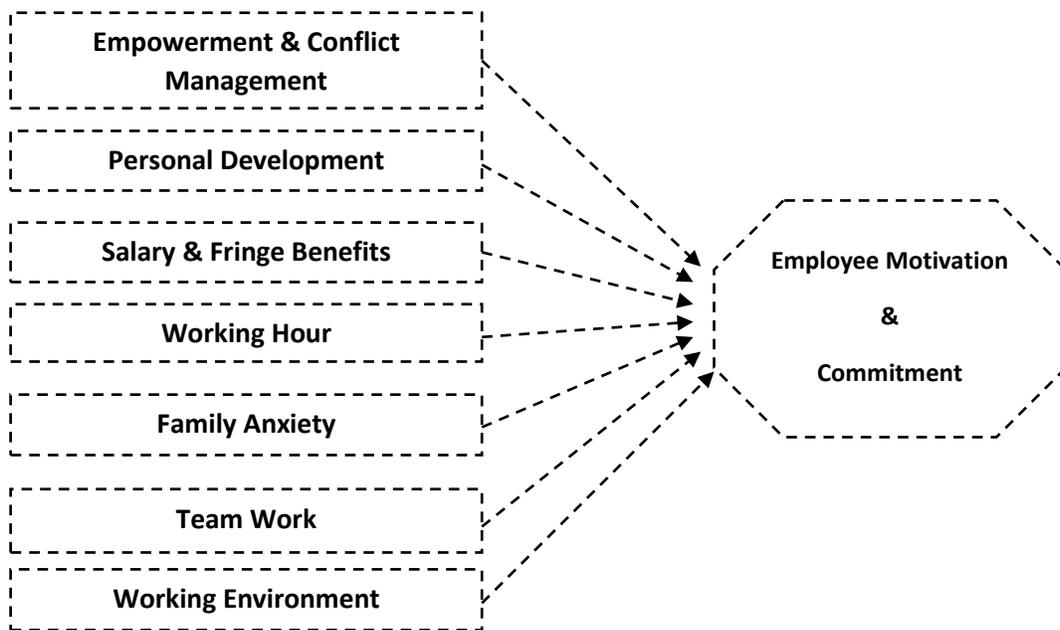
In a study of game rangers at the Mole National Park in Ghana, motivation to be affected by job satisfaction, recognition, role clarity, supervision and perceived competence in a decreasing order of importance (Oduro&Kwarteng, 2000). Hunjra, Chani and Aslam (2010) conduct a research on job satisfaction of employees in the banking industry of Pakistan. When employees satisfied from their job than they also motivated for doing work. According to researcher they analyzed the human resource management practices such as job autonomy, team work and leadership. They assess different level of job gratification in male and female. They evaluated 450 employees working in different banks and banks branches. They used sample t test, Correlation and regression for testing the data. According to their results there is a significant relationship between job satisfaction and behavior of leadership.

Khalid and Irshad (2010) evaluated the banking sector of Punjab province of Pakistan. According to their there is five elements which increase the job satisfaction and motivation level of employees (work, pay, promotion, salary and recognition). They analyzed both sector; public and private sector. According to their results the employees of private banking sector were gratified with pay, recognition and working hour as matched to public sector. Public sector employees were gratified with job security as compared to private sector.

3. Theoretical Framework

In literature number of variables are used for the analysis by different researchers but some important variable like family anxiety and conflict management are ignored in context of Pakistan’s financial sector. The study encompasses this shortcoming. The relationship between dependent and independent variables are portrayed in schematic diagram. The author has included these important variable in the study.

Employee Empowerment consists of employee involvement in administration and decision making (Manzoor, 2012). Empowerment results employee motivation and commitment that lead to organizational growth and effectiveness (Smith, 1997).



Empowerment has positive relationship with employee’s motivation and commitment. Personal development is continuously enhancement in employee skill and abilities. According to Irving and

Williams (1999), Personal development "is a process concerned with particular aspects of the human being: the development of 'what', and the ways this can be planned, achieved and evaluated", while personal growth "is a more generic process having to do with the totality of the individual".

In banking industry of Pakistan most important factor that motivate to employee is balance work and family life. Balance work and family life has positive relationship with employee motivation and commitment. When there is balance in work and employee's family life then employees feel comfortable on job, this create employees motivation and commitment in organization. Social Status is employees need for affiliation and respect in the society. The job that gives social status to individual is determined as highly motivation and commitment to organization. Social Status has positive relationship with employee motivation and commitment. Every employee desired to work in comfortable physical working environment.

The main purpose of the study is to identify the factors that effects employee's motivation and commitment of banking sector of Pakistan. The bank's employees; in this study refer to Top executive, Senior Managers, Middle Managers and first line Managers like OG-I and OG-II (Not employees such as peons, guards, drivers and cleaners etc.). Data were collected from different banks; Muslim Commercial Bank, United Bank Limited, Habib Bank Limited, Bank of Punjab, JS bank, Bank Alflah, First Microfinance Bank and Allied Bankthrough a well-structured questionnaire. The study sample size is limited to hundred questionnaires only. Although it is too small sample size for cross sectional study but due to geographical mobility and other costs, the authors considered it relatively sufficient number of observation for unbiased estimates.

4. Analysis and Results Discussion

In first instance, the reliability of questionnaire is addressed. The results shows that the Cronbach alpha value is 0.88 which shows the reliability of our questionnaires. It means that our questionnaire is valid and all those variables which we used in our study are representing the matter under consideration. Pearson correlation analysis is used to check the relationship between employee's motivation and commitment in financial sectors of Pakistan. The overall value of coefficient of multiple correlation is 0.695. It shows greater degree of linear relationship among the variables. All variables are positively correlated while Working hour and family anxiety are negatively correlated with employee's motivation and commitment.

Table-1: Regression and Correlation Estimates, Dependent Variable: Employee’s Motivation

	Unstandardized Coefficients		Standardized Coefficients	T-stat	Sig.	Correlations			Co linearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
C	1.225	1.057		1.159	0.252					
WH	-0.406	0.181	-0.381	-2.245	0.029	-0.464	-0.300	-0.231	0.368	2.718
FA	-0.960	0.444	-0.584	-2.164	0.035	-0.311	-0.290	-0.223	0.445	3.880
Y	0.499	0.164	0.396	3.048	0.004	0.375	0.377	0.327	0.682	1.465
PD	0.334	0.154	0.160	.2.168	0.034	0.274	0.131	0.097	0.368	2.718
TW	0.267	0.108	0.173	2.472	0.029	0.500	0.138	0.103	0.353	2.833
WE	0.267	0.140	0.340	1.901	0.063	0.185	0.257	0.196	0.332	3.016
CME	0.393	0.155	0.230	2.535	0.024	0.122	0.172	0.128	0.311	3.220
R²	0.483	Adj. R²	0.394	R	0.695	Std. Error of Est.		0.703	DW	1.93

* Correlation is significant at the level of 0.05 (2-tailed).

The value of coefficient of determinations is also satisfactory because of cross sectional nature of data. Almost 49 percent variation are explained in dependent variable by all independent variables. This value is quite better for cross sectional data. This result indicates that all the variables are positively associated with motivation except working hour and family anxiety. According to regression estimate, all variables are significant at 5 percent level of significance.

Table-2: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	23.991	7	3.427	5.393	.000
Residual	25.703	92	0.279		
Total	49.694	99			

The overall significance of our model is assessed by the values shown in ANOVA table-2. The results indicate that our model is statistically significant because the F-value is 5.393 and p-value is 0.000. ANOVA table is explaining overall significance of the model. The study results are consistent with Smith (1997) and Manzoor (2012).

5. Conclusion and Recommendations

The fundamental objective of the study is to determine the factors effecting employee's motivation and commitment. Customer satisfaction may be enhanced if personnel of financial institutions are more motivated and committed to their work. Findings of the study indicated that personal development, working hour, physical working environment, empowerment and conflict management, salary and fringe benefits, family anxiety and team work plays a significant role in employee's motivation and organizational commitment.

All techniques utilized in the present study supported the argument and concluded that family anxiety and conflict management should be considered to achieve organizational goals. The personnel stressed with family issues appeared to be less productive as compared to those free from this evil. The working hour and family anxiety are destructive in nature on employee's performance score card. It depicts that the banking operations must be closed as early as possible after the closing of official working hour. The late sitting of staff in banks to prepare daily closing accounts directly influences the relationship with his life partner. The situation becomes worsened during winter season. Even though financial institutions compensate their employees with better rewards but the productivity, efficiency and clarity in their work are influenced.

Managers in the banking industry of Pakistan can motivate their employees to achieve desired goals and organizational commitment if they consider these factors. The study identified two more factors like family anxiety, employee's empowerment and conflict management. The top executives must emphasize on working hour, the compensation of employees, conducive environment and personnel development. These factors cumulatively enhance employee's motivation and commitment to their goals and financial institutions may increase their profitability index.

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