An exchange perspective of job satisfaction: A study of banking sector of Pakistan

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Abstract
Satisfaction of employees with their job is considered one of the key factors for the success of an organization. Organizations put many efforts to satisfy their employees, to make them committed and to develop their extra role behaviors. This study aimed to examine exchange prospective of job satisfaction. POS and LMX were taken as antecedents of job satisfaction and OCB as a result of job satisfaction of employees. This research was conducted in banking sector of Pakistan, which is one of the most rapidly developing sectors. Employees (from 10 banks and 2 branches of each bank) were selected for study. Data collected through questionnaires, 199 questionnaires were used for analysis. Data was analyzed by descriptive statistics and structural equation modeling, using AMOS 16.0.

Key words: Job Satisfaction, Perceived Organizational Support, Leader-Member Exchange, Organizational Citizenship Behavior, Exchange Relations

INTRODUCTION
In today’s economy human capital is considered the most valuable asset of an organization. It plays a vital role in the progress of an organization and society as a whole. Finance can be the life blood for an organization but it is human capital which pumps the blood in the body. Though financial resources show the worth of a company but the backend story is the management of resources which is not possible without proper utilization of human capital. So every company is in a race to hire the best human minds and to utilize them to get best results. This goal only can be achieved by satisfying workforce. A satisfied unit of employees put more efforts to uplift the organization and achieve its goals. Satisfaction is one of the attitudes most studied in an organizational context (Dorfmann and Zapf, 2001). Muse & Stamper, (2007) found that an organization can achieve its objectives by having a contented and satisfied workforce.

Every organization wants best out of its employees and it can only be achieved by having satisfied employees. So the main focus of every organization is to make the policies to satisfy employees for getting desired results from workforce. Job satisfaction is a bridge between an employees’ relation with organization & leadership and his/her efforts towards organization. The more satisfied employee is more willing to put efforts for organization.

This study is an exchange prospective of job satisfaction. We shall try to find out some of antecedents and consequences of job satisfaction. There are many factors that help to satisfy employees but this study will focus on the relation based factors: Perceived Organizational Support (POS) & Leader-Member Exchange (LMX). POS is the employee’s perception about the organization’s manner to values his contribution and concern about his comfort (Eisenberger, Huntington, Hutchison and Sowa, 1986). It can be considered as the response to social and emotional needs of the employee from his organization. The other factor increases job satisfaction of employees is LMX. The merit of the communication, work relationship among an employee of an organization and his or her supervisor in terms of respect, trust, and mutual obligation is called LMX (Graen and Uhl-Bien, 1995). Job satisfaction has many positive effects on employee behaviors but this study will focus on one important aspect called OCB. OCB is defined as an individual’s discretionary behavior, which is not backed by formal reward system, and it contributes towards overall organizational performance. Organ (1988) defined OCB as “organizational citizenship behavior is individual’s behavior that is discretionary, not directly or explicitly recognized by the formal
reward system, and that in the aggregate promotes the effective functioning of the organization” (p. 4). It is employees’ behavior towards helping each other and organization. This study examined the behaviors of employees and effects of support on them in banking sector of Pakistan. Job satisfaction is considered as hub for employee behaviors and proves it a bridge between LMX, POS and OCB.

LITERATURE REVIEW
An organization has many roles to perform but to satisfy its employees is at the top priority because a satisfied unit of employees put more efforts to uplift the organization and achieve its goals. Satisfaction is one of the attitudes most studied in an organizational context (Dorffmann and Zapf, 2001). Muse and Stamper, (2007) found that an organization can achieve its objectives by having a contented and satisfied workforce. Satisfied employees will make organization happy by producing more to get better results for progress. Satisfied employees put best efforts towards work (Kim, Leong and Lee, 2005). Literature advocates the fact that satisfied work force is the key to get best performance and to achieve goals. Employees’ job satisfaction is considered as an antecedent to performance of an organization but the debate is how an organization can satisfy employees to get their best. Literature supports various factors which enhance the satisfaction. The antecedents of job satisfaction can be divided into two categories, personal aspects and organizational aspects (Muse and Stamper, 2007).

Organizational aspect is based on the support given by the organization, literature named this factor Perceived Organizational Support (POS). POS is the employee’s perception about the organization’s manner to values his contribution and concern about his comfort (Eisenberger, Huntington, Hutchison and Sowa, 1986). POS is the relation between the employee and his organization. It can be considered as the response to social and emotional needs of the employee from his organization. Researchers have identified many practices that contribute to the perception of organizational support by employees, such as intrinsic and extrinsic job conditions, challenging job content, developmental experiences, time off for education, participation in decision making, fairness of rewards and opportunity for growth. The most important condition is required for an employee to perceive a human resources management practice as a form of support (Rhoades and Eisenberger, 2002).

Researchers are increasingly embracing the idea that satisfaction must be analyzed as the result of an evaluation process (Bowling, Beehr and Lepisto, 2006). In accordance with this position, it might be said that the state of satisfaction merely constitutes the result of an evaluation process through which the salaried worker condemns or appreciates the quality of his or her relations in the workplace. A negative evaluation of the working environment generates employee dissatisfaction. On the other hand, a positive evaluation leads the employee to feel satisfied. A long tradition of empirical research has shown that job satisfaction is affected by good working conditions (Latham, 2007). Rhoades and Eisenberger (2002) report a positive and significant link between POS and job satisfaction. This link suggests that when the employer takes the initiative to improve an employee’s working conditions by, for example, proposing to increase or expand his or her expertise, employer decisions are then perceived as signals of support that increase employee job satisfaction.

POS is a momentous tool to magnetize employees toward organization. It leaves a positive impact on employees’ job attitudes. When employees feel that their organization cares of their well being, their level of satisfaction increases towards job and organization. Optimistic perception about organizational support has a positive impact on organizational and job satisfaction (Witt, 1991). Perceived organizational support has a positive impact on employees’ perception of support from the working conditions, skills and capabilities (Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades, 2001). Job satisfaction is one of the consequences of perceived organizational support as George (1989), supported the fact that perceived organizational support increases the level of employee job satisfaction. Employees have a lot of expectations with their organization in terms of rewards, leaves availability, financial aids and socioeconomic needs. In order to satisfy employees, organizational support can be initiated by understanding and fulfilling the needs of employees. Employee’s perception of organizational support works positively to make them satisfied and committed (Rhoades and Eisenber, 2002). Antecedents of satisfaction were tested by many researches and most of them support POS as one. Riggle, Edmondson
and Hansen (2009), found that perceived organization support effects employee’s job satisfaction positively and strongly. Later on same results were supported by (Dawley, Houghton and Bucklew, 2010). Perception of support from the organization creates a psychological and social bond between organization and employees and this psychological effect makes them feel satisfied.

The other factor increases job satisfaction of employees is LMX. The merit of the communication, work relationship among an employee of an organization and his or her supervisor in terms of respect, trust, and mutual obligation is called LMX (Graen and Uhle-Bien, 1995). POS is the relation of an employee with his organization where as LMX is the relation between employee and his leader. Though these two relations are very close to each other as mostly employees consider leader’s action as organization’s action but these two factors can be studied separately as Pazy (2011) worked on leader-member exchange and perceived organizational support simultaneously and concluded that both factors should be studied separately.

LMX has been identified to have a positive relationship with job satisfaction (Stringer, 2006). The greater the level of mutual respect, trust, and obligation that exists between a supervisor and a subordinate, the higher the level of job satisfaction that will be enjoyed by the subordinate due to the intrinsic and extrinsic rewards that are likely to be realized by the employee, utilizing Herzberg, Mausner and Synderman (1959) two-dimensional model of job satisfaction and dissatisfaction.

LMX is the relation between leader and member and a good relation results positive outcomes, when employees get support from their leaders, they feel satisfaction with their job organization. Baranik, Roling and Eby (2010) studied leader and member relations and found that the support from supervisor creates the positive perception about organizational support and increases the job satisfaction & commitment among employees. Larse, Marnburg and Øgaard (2011) found the positive relation between supervisor support and job satisfaction. High level of support from supervisor positively changes the perception of employees about organization and flourishes job satisfaction among employees (Knoll and Gill, 2011).

Employees who are satisfied with their job can perform better. They will show the loyalty for their organization, commitment with their work and help others to improve. Schnake, Cochran, and Dumler, (1995) found that job satisfaction leads toward high level of OCB. It is now widely accepted in the literature on human resources management and organizational behavior that the more an employee is satisfied with the working conditions offered by his or her organization, the more the employee will make voluntary efforts to help the organization achieve greater efficiency (Blakely, Andrews and Fuller, 2003).

The discussed literature proves that perceived organizational support and Leader-Member exchange have positive relation with job satisfaction which leads toward organizational citizenship behavior.

**Hypotheses**

H1: POS is positively related with Job Satisfaction
H2: LMX is positively related with Job Satisfaction
H3: Job Satisfaction is positively related with OCB

**RESEARCH METHODOLOGY**

This research endeavor is carried on to have an empirical look at the social exchange perspective of job satisfaction. The main variables under investigation are shown in figure-1. This research was conducted in banking sector of Pakistan, which is one of the most rapidly developing sectors. 250 banking employees (from 10 banks and 2 branches of each bank) were selected for study. The selection was made on simple random sampling technique. Questionnaire was used as the medium of data collection. The questionnaire contained five parts; four for variables under investigation and one for demographical information. Perceived organizational support was measured by the scale of (Lynch, Eisenberger, and Armeli, 1999), which is widely used instrument. Leader-member exchange was investigated by the scale of (Scandura and Graen, 1984), while job satisfaction and OCB were based on the scales of (Bacharach, Bamberger, and Conley, 1991) and (Podsakoff, MacKenzie, Moorman and Fetter, 1990). All the scales were reliable and regularly been used for data collection in previous researches. Out of 250 questionnaires distributed, only 212 questionnaires were received back, out of which only 199 were
completely filled (80% effective response rate). Data collected through questionnaires was analyzed by descriptive statistics and structural equation modeling. Results of hypotheses testing are given in coming sections.

FINDINGS

Descriptive Statistics
Table-1 shows the descriptive statistics. It shows mean and standard deviations. All the responses were recorded at five point scale where 1 for strongly disagree and 5 for strongly agree. The mean score of perceived organizational support is 4.01 (sd=1.27). It shows that the respondents from banks agree that they are provided timely support at their bank. The inquiry about leader-member exchange relations shows that the mean score of LMX was 3.94 (s.d=1.09), which shows that respondents agreed that they have good leader-member exchange relations. Job satisfaction and citizenship behavior scores show that respondents agreed that they have good satisfaction level (mean=3.82,sd=1.84), and high citizenship behavior for organization (mean=4.06, sd=.92).

Structural Equation Modeling
Structural equation modeling (SEM) was used to test the causal relationship amongst constructs. Use of SEM was signified by Hair, Black, Babin, Anderson & Tatham (2006), when they commented that it uses both factor analysis and multiple regressions, which gives it an edge over other techniques. In this study, AMOS 16.0 was used to apply SEM. Model fitness indices were compared with standard values denoted by Hair et al., (2006). Table-2 shows the calculated values ($x^2/df=2.60$, $df=730$, GFI=0.911, AGFI=0.841, CFI=0.906, NFI=0.901, NNFI=0.893 and RMSEA=0.042), which shows that the model is fit and helps us proceed further with path analysis.

Path Analysis
Path coefficients are presented in figure-2 and table-3. It is evident that both POS and LMX are significant determinant of job satisfaction ($\beta=.421$ and .402 respectively). It helps us conclude that both H1 and H2 are accepted, which assumes that exchange relations (POS and LMX) positively contribute towards increased level of job satisfaction of employees. Further inquiry proves that job satisfaction increases citizenship behavior of employees (OCB) ($\beta=.439$). It helps us in accepting H3, which proposes that job satisfaction increases employees’ citizenship behavior.

CONCLUSION & DISCUSSION

Findings of the study show that provision of support at work (POS) and higher leader-member exchange relations (LMX) positively predicts employees’ job satisfaction. It shows that when organization provides support to its employees or when supervisor is supportive and employees have good exchange relation with their supervisor, they reciprocate it with good relations and increased job satisfaction. This relation is parallel to the notion of reciprocity and exchange relations of Blau (1964). According to Blau, an exchange relation is created when one party offers something valuable to other party. The receiving party is bounded to return it back with good outcomes and returns. It creates a continuous process of give and take and thus exchange relations pay off. Here organization and leader offer better support and relation towards employees, and in return employees offer increased level of job satisfaction. Findings also prove that when employees are satisfied they possess high level of citizenship behavior towards organization.

PRACTICAL IMPLICATIONS

This study enlightens the existing body of knowledge on organizational behavior. It shows that provision of support from organization and good exchange from supervisor offers increased level of job satisfaction. Thus, in order to have high level of employees’ satisfaction, organizations have to offer better supportive environment and relations at work. Thus it can be concluded that organizations have to perform positively in order to get better employees’ outcomes and behaviors.
LIMITATIONS AND FUTURE DIRECTIONS
This study considers employees’ attitudes at work. This study can further be directed towards organizational level outcomes e.g. profits, performance, returns. This study is conducted in banking sector organizations only. Future researchers should focus on other services sectors as well. One area that can give better results is manufacturing sector. An in-depth investigation is required to see how support working environment and supportive supervision can pay off in shape of increased performance and output.

REFERENCES


Stringer, L. (2006). The Link Between the Quality of the Supervisor-Employee Relationship and the Level of the Employee’s Job Satisfaction; Public Organization Review; 6(2), 125 - 142

Table-1: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
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<tr>
<td>Perceived organizational support</td>
<td>4.01</td>
<td>1.27</td>
<td>199</td>
</tr>
<tr>
<td>Leader-Member Exchange</td>
<td>3.94</td>
<td>1.09</td>
<td>199</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3.82</td>
<td>1.84</td>
<td>199</td>
</tr>
<tr>
<td>Organizational Citizenship Behavior</td>
<td>4.06</td>
<td>.92</td>
<td>199</td>
</tr>
</tbody>
</table>

Table-2: Structural Equation Model

<table>
<thead>
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<th>Standard value</th>
<th>Direct Effect</th>
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</thead>
<tbody>
<tr>
<td>x²</td>
<td>1898</td>
</tr>
<tr>
<td>x²/df</td>
<td>2.60</td>
</tr>
<tr>
<td>Δ x²</td>
<td></td>
</tr>
<tr>
<td>GFI</td>
<td>≥0.90</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥0.80</td>
</tr>
<tr>
<td>CFI</td>
<td>≥0.90</td>
</tr>
<tr>
<td>NFI</td>
<td>≥0.90</td>
</tr>
<tr>
<td>NNFI</td>
<td>≥0.90</td>
</tr>
<tr>
<td>RMSEA</td>
<td>≤ 0.80</td>
</tr>
</tbody>
</table>

Table-3: Results of Path Analysis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Estimates</th>
<th>C.R.</th>
<th>p</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>POS-Satisfaction</td>
<td>.421</td>
<td>9.517</td>
<td>**</td>
<td>Accept</td>
</tr>
<tr>
<td>H2</td>
<td>LMX-Satisfaction</td>
<td>.402</td>
<td>7.298</td>
<td>**</td>
<td>Accept</td>
</tr>
<tr>
<td>H3</td>
<td>Satisfaction-OCB</td>
<td>.439</td>
<td>6.920</td>
<td>*</td>
<td>Accept</td>
</tr>
</tbody>
</table>

**p<0.001, *p<0.05
Figure 1: Research model

Figure 2: Standardized Paths

LMX → Job Satisfaction → OCB
POS → Job Satisfaction → OCB
POS → .421
LMX → .402
LMX → .439

LMX: LMX
POS: POS
OCB: OCB
Job Satisfaction: Job Satisfaction

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