

## AN EMPIRICAL ANALYSIS OF THE DETERMINANTS TO THE EMPLOYEE JOB SATISFACTION IN PRIVATE CORPORATE SECTORS OF PAKISTAN

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### ABSTRACT

*The level of employee job satisfaction is central in the human resource management within private sector corporations. This is because employee job satisfaction has a direct bearing on an individual employee's productivity, the quality of the products and services rendered, and overall organizational performance. The primary objective of this study is to test the relevance and influence of five facets (i.e. pay, promotion, co-worker, supervision, work environment) on the employee job satisfaction in private corporate sectors of Pakistan. The results show that out of five facets, four (i.e. pay, promotion, supervision and work environment) are significantly and positively related with job satisfaction of employees in the private sector corporations of Pakistan. Work environment was found to be the most significant factor in determining employee job satisfaction, followed by pay package. However, co-worker variable was not found significantly associated with employee job satisfaction. Finally, it is evidenced that the overall employees working in private sector corporations of Pakistan had a moderate level of satisfaction with the five facets of job satisfaction.*

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**Keywords:** Analysis, Employees, Private Sectors, Pakistan.

### INTRODUCTION

In the era of globalization, every firm in the public as well as private sectors, small and big alike are making focused efforts to increase the productivity. In an effort to increase productivity, the firms are increasingly focusing on adaptation of advanced technology and equipment. But what has emerged through research in past few years that adaptation of advanced technology can only work when a firm has well trained, skilled, and satisfied labour force (Rita, 2013). An overall performance of a firm is a cumulative result of individual performance of all employees of that firm. The great portion of an individual employee's performance depends on his/her ability, skills, training, motivation, and satisfaction level (Re'em,

2011; Lussier, 2008; Griffin and Moorhead, 2007). The management of employees has been a crucial part of top management in every organization in 21<sup>st</sup> century across the globe. In this regard top management considers an employee as the root source of quality and productivity advances. Jackson, (2000) argued that employees work harder and get more productive when they have a feeling that their organization is working and showing concern for employees' well-being and satisfaction. Therefore it is of an immense importance that corporations should work for the welfare and satisfaction of their employees in order to get most out of them.

#### **DETERMINANTS OF JOB SATISFACTION: LITERATURE REVIEW**

Rita, (2013) examined the influence of five facets of employee job satisfaction and found that money is the most important factor in defining the job satisfaction of employees in private sectors. Although the respondents were not satisfied with their present respective salary packages but on an average they seemed to be satisfied with their overall job, thereby lending support to Herzberg theory that pay is a hygiene factor. Mosammod and Nural, (2011) thoroughly examined the impact of five facets and evidenced that salary is a key factor to job satisfaction of the employees surveyed. Most of the respondents were of the opinion that they work for money and they need money. Therefore, a financially lucrative salary and good compensation packages were key drivers in defining the level of job satisfaction of employees. The author found that the second most important factor effecting job satisfaction was work environment. Saba, *et.al.*, (2013) analyzed the factors effecting the employees job satisfaction in banking industry of Pakistan. Through empirical analysis the authors found recruitment and selection policies, organizational policies and strategies, job stress, nature of work, communication and personality factor as important and defining variables to job satisfaction of respondent employees. Daljeet, *et.al.*, (2011) in a comprehensive research study examined the impact of organizational, behavioural and work environment factors on the job satisfaction of employees. The results showed that factors related to environment, organizational and behavioral variables were having strong positive correlation with the job satisfaction. In the work environment if a job position does not match with an employee's attitude and personal life then it creates stress and reduces the level of employee job satisfaction. Further, if

the working place is not normal then again it reduces employee's motivation to do the job thereby reducing the job satisfaction. Whereas, in organizational factors fair rewarding, transparent promotion, and growth opportunities were found to be significant determinants to job satisfaction. Among behavioural factors, the empowerment, authority and supervision were found to be positively correlated with the employee job satisfaction.

In the same line, Usman, *et.al.*, (2015) also found that organizational policies with respect to five facets are the prime driver of level of job satisfaction of employees in Pakistan Paint Industry. Athar, *et.al.*, (2014) have explored the relationship between job satisfaction and employee loyalty towards an organization. It was found that pay & reward, recognition & empowerment, and working environment were the most defining factors to job satisfaction levels of employees. Adam, (1965) discovered that an employee's level of satisfaction increases quality of service, and overall efficacy of a firm. Herzberg, (1968) and Smith, *et.al.*, (1969) found that high work satisfaction is linked to low turnover, continuous regularity, and high performance. The main objective of this study is to measure the overall existing job satisfaction level of employees and to analyze and assess the influence of five facets (i-e pay, promotion, co-worker, supervision & Work environment) given by Smith, *et.al.*, (1969) on the employees job satisfaction working in private sector corporations of Pakistan.

#### METHODOLOGY

Through Systematic Random sampling (SRS), 450 employees were chosen from 10 private corporations operating in Pakistan. The data was collected through survey questionnaire which was sent to 450 employees out of which 398 completely filled survey questionnaires were returned showing the response rate of 88.44%. The questionnaire was adopted with slight modification from the original study of Smith, *et.al.*, (1969). The questionnaire was pilot tested before administering it for collection of full scale data. The Cronbach alpha statistics of pilot test in table 1 show that survey questionnaire is excellent in reliability. Moreover, content, criterion and construct validities were measured through relevant literature, opinions of field experts, statisticians, suggestions of supervisors, and through applying factor analysis result of which are shown in table 4.

## **ANALYSIS OF RESULTS**

The data were collected from 398 employees working in various private sectors of Pakistan. Of 398 respondent employees 66.7% (i.e. 265) were male employees and 33.3% (i.e. 133) were female employees. The highest frequency of participants was from the age-cohort of 20-29 years old which accounted 38.1% (i.e. 152 respondents) of the total sample size. It was followed by the age group of 30-39 years old which accounted 28.6% (i.e. 114 respondents) of total respondents. 23.8% (i.e. 95 respondents) of participants were of age group 40-49 years old. The lowest frequency of participants was from the age-cohorts of 50-59 years old and 60 years & above where 19 respondents were accounted from each of both age-groups. Majority of the respondent employees (i.e. 42.9%) were having job experience between 01-04 years, and 38.1% of employees had a job experience between 05-09 years. Whereas, 4.8% of employees had a job experience of less than 01 year & 14.3% of employees carried a job experience of 15 years and above. With regard to the academic qualification of the participants, the majority of employees (52.4%) were holding Master's degree, followed by 42.9% employees with bachelor's degrees and 4.8% employees were post graduate degree holders (i.e. MS/MPhil/PhD).

With respect to the five facets, the results of this study show that private sector employees are more satisfied with co-workers attitudes followed by work-environment. Whereas, they showed least satisfaction with their present pay package (See Descriptive Statistics Table-3). The overall employees working in private sector corporations of Pakistan showed moderate level of satisfaction with the five facets of employee job satisfaction as mean score of overall five facets of employee job satisfaction is 3.22 out of 5-point in likert scale. Therefore, management of private sectors have to offer lucrative and motivating policies regarding five facets in order to derive employees from their present medium level satisfaction to higher level satisfaction, thereby achieving higher level of employees' productivities. The Confirmatory Factor Analysis (CFA) was administered in order to determine the relevance of five facets of employee job satisfaction used in this study. The data in table 4 shows that Kaiser- Meyer-Olkin (KMO) statistics is 0.802 indicating that the sample size is adequate enough for application of CFA. The Bartlett's

Test of Sphericity is  $\chi^2 = 1090.353$  where  $p < .001$  entailing that there is sufficiently large correlations between the factor items and therefore, the data is fit for running factor analysis. The overall results of factor analysis confirmed that the major factors that determine employee job satisfaction are convincingly grouped into five facets and which explained approximately 69% of total variation in employee job satisfaction.

The multiple regression results in the table 5 show that out of five facets of job satisfaction, the four facets significantly determine the job satisfaction of the employees working in private sector of Pakistan. The overall five facets define 70.2% of variation in job satisfaction of employees as adjusted  $R^2$  is 0.702. The F-value of the model is significant at  $p < 0.001$  level indicating that explanatory variables used in the model are significant in predicting the outcome variable that is job satisfaction. The most significant determinant of job satisfaction as per the t-values is found to be work environment, pay, promotion and supervision. However as per the magnitude of the coefficients of these independent variables, the most defining factors are said to be pay, work environment, promotion and supervision. The regression estimates show that keeping other factors constant, the change in the pay brings significantly more change in the job satisfaction variable, followed by work environment. This finding is in line with the result studies of Kathawala, *et.al.*, (1990) where it was found that the salary is the most important determinant of job satisfaction of employees at the workplace. The research has identified and provided various possible explanations for pay as a single most important determinant to job satisfaction of employees. Firstly, the various motivational theories including Maslow's theory assume "pay" as the most basic need for an employee in the work environment which should be satisfied on priority basis before other needs of employees are met. The result shows that promotion variable is significant predictor of employee job satisfaction as the coefficient value of promotion variable is significant at  $p < 0.001$  level. Many research studies have found significantly positive relationship between promotion opportunities and employee job satisfaction (Zainuddin, *et.al.*, 2010; Danish & Usman, 2010). It has been argued that employees who perceive organizational promotion policies as fair, transparent & meritorious are more likely to experience high job satisfaction, stay committed to the organization, and perform better

(Wan, *et.al.*, 2012). Jacquet, *et.al.*, (2008) in exclusive research study on the effect of supervisory intervention on employee outcomes found that the quality of supervision significantly determines employees' job satisfaction level and ultimately affects the employee performance. The quality of supervisor's supervision is found to be significant determinant to employee job satisfaction in this study.

Shruti, (2012) found that 86% productivity & performance problems relate to an organization's work environment. Environment of a firm significantly motivate employees to perform better. Employees try to excel in a work environment where they feel safe, comfortable and satisfied. In the similar lines the results of this study show that work environment variable is significantly associated with employee job satisfaction. However, co-worker variable was not found significantly associated with employee job satisfaction in case of private sector corporations of Pakistan. There have been some research studies that found that co-worker support has not always resulted in constructive and productive work attitudes. In some organizational cultures, acceptance of co-worker support implies that a worker who accepts support is incompetent and dependent (Sorenson, *et.al.*, 2008). Similarly, Fass, *et.al.*, (2007) also found that in organizational culture where peers are usually considered 'equals' in terms of their job functioning and getting support from co-worker in such case it is perceived as a lack of independence or ability on behalf of worker accepting the support. That may be the reason co-worker support is insignificant in increasing the level of employee job satisfaction in this study.

**TABLE-1**  
**PILOT TEST (CRONBACH ALPHA RESULTS)**

Scale	Cronbach $\alpha$ (Private Corporations N=45)
Pay	.745
Promotion	.676
Co-Worker	.865
Supervision	.647
Work Environment	.843
Overall 29 items	.872

**TABLE-2**  
**PROFILE OF RESPONDENTS**

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	265	66.7	66.7	66.7
	female	133	33.3	33.3	100.0
	Total	398	100.0	100.0	
Age Groups		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29 years	152	38.1	38.1	38.1
	30-39 years	114	28.6	28.6	66.7
	40-49 years	95	23.8	23.8	90.5
	50-59 years	19	4.8	4.8	95.2
	60 years and above	19	4.8	4.8	100.0
	Total	398	100.0	100.0	
Job Experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 01 year	19	4.8	4.8	4.8
	01-04 years	171	42.9	42.9	47.6
	05-09 years	152	38.1	38.1	85.7
	15 years and above	57	14.3	14.3	100.0
	Total	398	100.0	100.0	
Academic Qualification		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bachelors	171	42.9	42.9	42.9
	Masters	208	52.4	52.4	95.2
	Post Graduate (MPhil/MS/PhD)	19	4.8	4.8	100.0
	Total	398	100.0	100.0	

Source: This Study

**TABLE-3  
DESCRIPTIVE STATISTICS**

	N	Mean	Std. Deviation	Rank	*Scale
Pay	398	2.7714	.85917	5	Medium Level
Promotion	398	2.7778	.89989	4	Medium Level
Coworker	398	3.8571	.69769	1	High Level
Supervision	398	3.2593	.43065	3	Medium Level
Work Environment	398	3.4238	.67620	2	Medium Level
Overall five facets	398	3.2178	.71272		Medium Level
Valid N (list wise)	398				

**Source:** This Study

**TABLE-4  
CONFIRMATORY FACTOR ANALYSIS RESULTS**

<b>KMO AND BARTLETT'S TEST</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.802
Bartlett's Test of Sphericity	Approx. Chi-Square	1090.353
	Sig.	.000

**Source:** This Study



**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	7.749	26.720	26.720	7.749	26.720	26.720	6.502	22.419	22.419
2	4.243	14.630	41.350	4.243	14.630	41.350	4.285	14.777	37.196
3	3.569	12.306	53.656	3.569	12.306	53.656	4.253	14.666	51.863
4	2.336	8.055	61.711	2.336	8.055	61.711	2.744	9.461	61.323
5	1.069	7.134	68.845	1.069	7.134	68.845	1.181	7.522	68.845
6	.924	5.978	74.823						
7	.906	5.434	80.257						
8	.884	3.564	83.821						
9	.803	3.425	87.247						
10	.720	2.966	90.213						
11	.661	2.280	92.493						
12	.604	2.084	94.577						
13	.411	1.417	95.994						
14	.332	1.145	97.139						
15	.276	.952	98.091						
16	.230	.792	98.883						
17	.113	.390	99.273						
18	.104	.358	99.631						
19	.080	.275	99.906						
20	.027	.094	100.000						
21	4.200E-016	1.448E-015	100.000						
22	3.668E-016	1.265E-015	100.000						
23	1.131E-016	3.899E-016	100.000						
24	-3.593E-018	-1.239E-017	100.000						
25	-7.914E-017	-2.729E-016	100.000						
26	-1.171E-016	-4.038E-016	100.000						
27	-2.517E-016	-8.680E-016	100.000						
28	-3.362E-016	-1.159E-015	100.000						
29	-4.759E-016	-1.641E-015	100.000						
Extraction Method: Principal Component Analysis.									

Source: This Study

Rotated Component Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
PQ4	.927				
PQ1	.906				
PQ2	.886				
PQ3	.768				
PrQ8		.867			
PrQ6		.751			
PrQ7		.595			
CQ10			.946		
CQ12			.859		
CQ11			.824		
CQ9			.713		
SQ17				.720	
SQ16				.659	
SQ15				.592	
SQ18				.588	
SQ19				.575	
SQ14				.475	
SQ13				.414	
WQ23					.891
WQ22					.787
WQ29					.708
WQ25					.702
WQ20					.701
WQ24					.685
WQ21					.645
WQ26					.541
WQ27					.439
WQ28					.413
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 7 iterations.					

Source: This Study

**TABLE-5**  
**MULTIPLE REGRESSION ESTIMATES**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension01	.840 <sup>a</sup>	.706	.702	.40943

a. Predictors: (Constant), Work Environment, Coworker, Promotion, Supervision, Pay

b. Dependent Variable: Job Satisfaction

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	157.581	5	31.516	188.008	.000 <sup>a</sup>
	Residual	65.704	392	.168		
	Total	223.285	397			

a. Predictors: (Constant), Work Environment, Coworker, Promotion, Supervision, Pay

b. Dependent Variable: Job Satisfaction

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.310	.193		-6.779	.000
	Pay	.635	.067	.365	9.522	.000
	Promotion	.439	.055	.399	7.930	.000
	Coworker	.047	.037	.044	1.268	.206
	Supervision	.194	.050	.222	3.867	.000
	Work Envrnmnt	.520	.044	.469	11.920	.000

a. Dependent Variable: Job Satisfaction

Source: This Study

**RECOMMENDATIONS**

On the basis of the empirical findings and inferences of this study the following suggestions are made:

- Since employees showed relatively lower satisfaction with their existing pay package therefore, the private corporate managers should revisit the present pay package of their employees and ensure that the employees are paid fairly, justly and competitively.
- Secondly, employees reported relatively lower level of satisfaction with their existing promotion policies, therefore, managers should ensure implementation of merit-promotion policies in order to give transparent, fair, and equal rights to each employee.
- Thirdly, supervisors can build a bridge between employees and senior management by training & mentoring their employees regularly and involving them in strategy meetings and activities.
- Finally, management should introduce and execute policies to improve five facets (pay, promotion, supervision, co-worker and work environment) to a level where employees can be driven from medium level satisfaction to higher level satisfaction which will certainly culminate into higher employee productivity in private sector corporations operating in Pakistan.

The findings of this study contribute immensely to existing literature by providing invaluable compact of ideas, facts, figures, and evidenced based recommendations that can be applied by researchers, academicians, corporate managers, and consultants in their human resource development decisions. Furthermore, future research should use stratified sampling technique with moderating variables to further drill down this ever-important phenomenon of employee job satisfaction.

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