

# HERZBERG'S JOB SATISFACTION THEORY : COMPARATIVE ANALYSIS OF PUBLIC AND PRIVATE SECTOR BANKS

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## Abstract

*The present study attempts to evaluate job satisfaction among public and private sector bank employees in Jaipur city. This study acts as an eye opener regarding the current HR practices pertaining to job satisfaction of employees in the Indian banking industry. A questionnaire containing 26 items related to intrinsic and extrinsic factors was administered over 100 public and private bank employees. To ascertain the degree of reliability of the instrument administered, statistical measures such as Cronbach's alpha and Guttman split-half coefficients have been used. The data is collected from four commercial banks in all, taking two from the public sector namely Bank of Baroda and SBI and two from the private sector namely HSBC and ICICI. An independent-sample t-test is calculated to test the mean differences regarding the two factors contributing to job satisfaction. Levene's test has been used to analyze the equality of variance in the two groups. The results of the study suggest that the public and private sector employees, both have the same job satisfaction with respect to intrinsic and extrinsic factors of job satisfaction, as proposed in Herzberg's two-factor theory. These findings contradict the pre-conceived notion that public sector bank employees are more satisfied with their jobs as compared to private sector bank employees. This indicates that HR practices leading to job satisfaction are more or less consistent in both public and private sector banks.*

**Keywords:** *Job Satisfaction, Herzberg's Two-factor Theory, Intrinsic Factors, Extrinsic Factors, Public Bank, Private Bank*

## Introduction

**Herzberg et al. (1957)** have truly quoted that, "The satisfied worker is, in general, a more flexible, better-adjusted person who has come from a superior family environment, or who has the capacity to overcome

the effects of an inferior environment. He is realistic about his own situation and about his goals. The worker dissatisfied with his/her job, in contrast, is often rigid, inflexible, unrealistic in his choice of goals, unable to overcome environmental obstacles, generally unhappy and dissatisfied.”

Job satisfaction and factors underlying job satisfaction are the areas of keen interest to various psychologists. A remarkable contribution to this field in explaining the motivation to work was promoted by Herzberg et.al (1959). Herzberg propounded “the two-factor theory- also called motivation-hygiene theory”. Hygiene or extrinsic factors are characterized by the conditions pertaining to the job such as job security, pay, working conditions, supervisor support, company policies and relations with subordinates. On the other hand, motivation or intrinsic factors are characterized by the factors related with the work itself or with the results directly consequent from it such as recognition, responsibility, independence, growth opportunities, and achievement. According to Herzberg, intrinsic factors lead to job satisfaction, whereas extrinsic factors contribute to job dissatisfaction.

**Brooke et al. (1988)** described “job satisfaction as an encouraging feeling concerning a job, ensuing from an assessment of its characteristics. An employee who presents a high level of job satisfaction holds affirmative feelings about his or her job, while a dissatisfied person holds negative feelings”. Pestonjee and Mishra (1999) advocated that “job satisfaction refers to a set of attitudes that employees have about their jobs. It is the disposition of people towards their jobs and this involves numerous attitudes or feelings”. It is to be noted that the above definitions of job satisfaction represent different perspectives of the past researchers about the construct. According to Luthans(1992), five dimensions of job satisfaction- wage, working conditions of individuals, quality of the job, working trends and management policies can be considered. Baack (1991) elucidates that job satisfaction has a number of facets, of these components satisfaction with supervision, with chances of progression, and satisfaction with the job itself may be affected by the improvement and execution of company policies. Schnake(1983) also conceptualized three proportions of job satisfaction. These are social, intrinsic, and extrinsic aspects. In the present study, job satisfaction is considered to be the sum of intrinsic factors and extrinsic factors. The basis for the study is taken as per the two-factor theory propounded by Herzberg.

### **Literature Review**

**Rao and Rao (1973)** empirically investigated the two-factor theory of job satisfaction. The results of the study revealed that motivational and hygiene factors were not mutually exclusive variables and their effects were not unidirectional. Both factors contributed to overall satisfaction. As far as satisfaction aspect is concerned the motivator-hygiene dichotomy could not find support in their study. The results also signified that some job factors could be considered as motivators and hygienes while some other factors have mixed elements of both. Motivators contributed more than hygienes for satisfied subjects as well as for dissatisfied subjects.

**Babin and Boles (1996)** addressed the significance of compassionate work environment and its impact on work-related perceptions and attitudes of the employees. The paper also empirically tested a theoretical model of work-related perceptions and job outcomes. “The paper particularly focused on perceptions related to work involvement, supervisory support, and role conflict and role ambiguity. Also, the influence

of these attributes on job satisfaction and performance of employees were analyzed. Result of the study indicated a significant relationship between perceptions of the work environment and employee outcomes. It was reported that work involvement, support of supervisors and role stress have a significant impact on job satisfaction and performance. The positive association between performance and job satisfaction was witnessed in the results of the study.”

**Autry and Daugherty (2003)** analyzed the person-organization fit and job satisfaction. Also, the study aimed at understanding employees’ way of dealing with work conditions, specifically coping behaviours. Findings of the study suggested that employees who possessed more practical expectations regarding the characteristics of the company and supervisor tend to be more satisfied with the job. Also, it has been found that satisfied employees show more desirable organizational behaviour, whereas dissatisfied employees behave in a negative manner or leave the organizations. The research suggested that employees should be screened for person-organization fit for various positions in the organization.

**Brown and Lam (2008)** reported the association between employee job satisfaction and customer satisfaction. The researchers conducted a meta-analysis to explore this relationship. For this purpose, researchers included past studies which correlated customer data and employee data. Results of the study indicated a strong positive correlation between the two variables. Also, path analytical model depicted that the perceived service quality mediates the affiliation between employee satisfaction and customer satisfaction.”

**Hong and Waheed (2011)** examined the attributes of a job that motivated the workforce and the level of job satisfaction of salespersons in the retail industry, using Herzberg’s theory. Findings of the study suggested that the job environment was the most important motivating and satisfying factor in the Malaysian retail context. Further, company policy, compensation, and recognition were other important factors that lead to job satisfaction and motivation. Overall results indicated that motivators were dominated by hygiene factors in ascertaining job satisfaction

**Danish (2010)** studied the impact of rewards and recognition, and motivation on job satisfaction of the employees. The study was conducted over 220 employees in Pakistan. Findings of the study revealed that rewards and recognition significantly affect the motivation of employees. This, in turn, influences the job satisfaction of employees.

**Pathak (2012)** studied the association between job satisfaction and organizational stress. The data was taken from 200 private sector employees from the NCR region. Findings of the study suggested that there exists an unenthusiastic association between job satisfaction and stress of employees.

**Sehgal (2012)** undertook a comparative study to measure the range of job satisfaction among private sector and public sector bank employees in Shimla, India. Self-designed five points questionnaire, consisting of 17 statements, was used by the researcher to accomplish the objectives of the study. The instrument was administered over 60 bank employees, 30 taken from each bank. The sample included management staff, award staff, and office cadre bank employees. Stratified random sampling was used in the study. The results of the study indicated that no significant difference existed among the public and private sector bank employees in the level of job satisfaction.

**Hossain (2012)** conducted a study of over 440 commercial bank employees working in both public and private banks in Bangladesh. The results of the study designated that public sector bank employees exhibited higher job satisfaction as compared to private sector bank employees. The study indicated a significant positive correlation between job satisfaction and performance. A negative correlation was found between job satisfaction and job stress as well as the intention to quit.

### **Objectives of Research Work**

The present study attempts to compare job satisfaction in public and private sector bank employees in Jaipur city. This study acts as an eye opener regarding the current HR practices pertaining to job satisfaction of employees in the Indian banking industry. Further, the study aims at comparative analysis of intrinsic and extrinsic factors of job satisfaction in public and private banks in Jaipur city. In order to fulfill the objectives of the present study, the following null hypotheses have been framed:

**H0:** there is no significant difference in job satisfaction due to intrinsic factors amongst the private and public bank employees

**H1:** there is no significant difference in job satisfaction due to extrinsic factors amongst the private and public bank employees

**H2:** there is no significant difference in job satisfaction amongst the private and public bank employees

### **Research Methodology**

An instrument has been constructed to measure the level of job satisfaction among the bank workers. In order to construct a sound instrument, firstly, two-factor theory propounded by Herzberg, which contains the definitions of various job satisfaction factors was studied and literature review was done. Through this method, factors contributing to job satisfaction were identified. The items so identified were discussed with the expert panel comprising of industry and academic experts. A pilot study was conducted over 20 bank employees as subjects. An item pool of 50 items was prepared, following the works of Herzberg related to intrinsic and extrinsic factors of Herzberg theory. After item analysis, 26 items were selected for final job-satisfaction questionnaire based on intrinsic and extrinsic factors.

The instrument includes 15 items pertaining to extrinsic factors namely physical working conditions, availability of resources, hours of work, hygiene conditions at workplace, availability of tools & equipments, relationship with superiors, relationship with peers, salary, incentives, pay system, job security, leave policy, channel of communication, grievance handling procedure and transfer policy. Further, 11 items pertaining to intrinsic job satisfaction have been included in the instrument. These are nature of the job, intention to change career, extra responsibilities related to a job, the fulfilment of personal & professional responsibility and responsibility beyond the job description, opportunity to develop knowledge, opportunity to develop skills, opportunity for career advancement, social status, recognition and appreciation at work. Overall job satisfaction is calculated by adding the scores of all 26 items of the instrument. For each item respondent was asked to rate his/her feelings on a five-point Likert-type of scale consisting of five categories ranging from 1 (strongly disagree) to 5 (strongly agree) in which high scores represented high satisfaction.

The survey method has been adopted for the present research. The questionnaires were individually administered to the bank employees and were collected on the same day. The instrument was administered over 100 bank employees working in different public/private banks across Jaipur city. The study covers four commercial banks in all, taking two from the public sector namely Bank of Baroda and SBI and two from the private sector namely HSBC and ICICI. Non-probabilistic sampling methods- convenience and judgment were used to select the banks in the city. The respondents involve managers, officers, and clerks. To encourage the participants to share frank and free opinions, researcher assured the participants of anonymity.

To determine the degree of reliability, the researchers have used two statistical measures. These include Guttman split-half coefficient and Cronbach's. The analysis undertaken has confirmed excellent consistency and reliability of the instrument. It is to be noted that the Cronbach alpha of 0.892 and Guttman split-half coefficient of 0.89 respectively have been reported for the instrument.

**Table : 1. Reliability Statistics**

Cronbach's Alpha	No. of Items
.892	26

**Table : 2. Reliability Statistics**

Cronbach's Alpha	Part 1	Value	.799
		No. of Items	13a
	Part 2	Value	.813
		No. of Items	13b
Total No. of Items			26
Correlation Between Forms			.803
Spearman-Brown Coefficient	Equal Length		.891
	Unequal Length		.891
Guttman Split-Half Coefficient			.888

### Analysis and Interpretation

An independent-sample t-test is intended to test the mean differences regarding the two factors contributing to job satisfaction. Levene's test has been used to analyze the equality of variance in the two groups.

**Table : 3. Results of Independent Sample t-Test**

Factors of Job Satisfaction	Levene's Test for Equality of Variances	Private Bank (n=40)		Public Bank (n=60)		t-value
	F	Mean	SD	Mean	SD	
Intrinsic	.178	44.15	6.395	44.10	4.977	
Equal variances assumed						.044
Equal variances not assumed						.042
Extrinsic	7.480*	52.20	6.398	50.13	8.154	
Equal variances assumed						1.349
Equal variances not assumed						1.416
Job Satisfaction	3.035*	96.35	12.099	94.23	12.551	
Equal variances assumed						.838
Equal variances not assumed						.844

*Levene's test is significant at \*p<=0.5. T-test, \*p<0.05, \*\*p<0.01*

The findings reveal that there is no significant difference mean the difference between the two groups with respect to the two factors of job satisfaction. The resulting p-value of Levene's test in case of intrinsic factors is greater than the critical value (i.e., 0.5). Results of independent sample t-test revealed that there is no significant difference in job satisfaction of public sector and private sector bank employees. Employees express same job satisfaction with intrinsic factor (Pvt. Bank: Mean= 44.15, public bank: Mean = 44.10, t= .044, p>0.05), extrinsic factors (Pvt. Bank: Mean= 52.20, public bank: Mean = 50.13, t= 1.349, p>0.05) and overall job satisfaction (Pvt. Bank: Mean= 96.35, public bank: Mean = 94.23, t= .838, p>0.05). Based on the above observations hypothesis H0, H1 and H2 are confirmed.

The findings of the present are in congruence with the results of Sehgal (2012). On the other hand, a reverse phenomenon is reported by Hossain (2012). Hossain (2012) reported higher job satisfaction among the public sector bank employees in comparison to private sector bank employees. The findings of the current study contradict the pre-conceived notion that public sector bank employees are more satisfied with their jobs as compared to private sector bank employees. This indicates that HR practices leading to job satisfaction are more or less consistent in both public and private sector banks.

## Conclusion

It can be concluded that job satisfaction, extrinsic and intrinsic factors taken into consideration do not vary significantly for the public and private sector bank employees. Hence, the results of the present study do not support the underlying assumptions of Herzberg's theory about the distinctiveness of the extrinsic and intrinsic factors. Further, no significant differences have been observed in the level of job satisfaction of public and private sector bank employees. This can be attributed to the fact that in the present era human resource practices and working environment in private and public sector banks is more or less similar. The present research work can further be extended to study job satisfaction in other sectors. Also, a comparative study of job satisfaction in other public and private sector organizations can be undertaken in light of the present study.

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