

# **RESEARCH PLAN PROPOSAL**

**“Impact of Job Satisfaction on Employee Attrition: A  
comparative Analysis of Public & Private Sector Banks”  
(With Special reference to Bank Of Baroda & ICICI Bank)**

For registration to the degree of

**Doctorate of Philosophy**

**IN THE FACULTY OF COMMERCE & MANAGEMENT**



**THE IIS UNIVERSITY, JAIPUR**

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## **Topic:**

### **“Impact of Job Satisfaction on Employee Attrition: A comparative Analysis of Public & Private Sector Banks” (With Special reference to Bank Of Baroda & ICICI Bank)**

## **Introduction:**

Banking sector plays an important role in our economy. Such institutions play a pivotal role in capital formation and stimulate the level of industrialization, poverty alleviation and human development. In a sense, healthy banks and healthy economies seem to go together (Faruk, Kashem, 2005). And a healthy banking system depends on the performance of sound personnel. In order to make sure that their employees are good performer they have to know first, the reasons of dissatisfaction and also the reasons of leaving organization as a dissatisfied employee.

There can be many different reasons for taking decisions regarding staying or not to staying with an organization. The loss of an organization's employee can be divided into three broad groups, induction crises, natural wastage, and retirement (Bennisonn, and Casson, 1984). The reason for the induction crisis can be found in jobs not fulfilling employees' expectations. And it happens within very short period of time. There is a strongly held belief that the rate of natural wastage responds to the level of morale within the organization. This is broadly true but there is an overriding factor that operates first: the level of vacancies in the labour market for the occupation under study is a much more important variable. Retirement can be predicted with a reasonable degree of accuracy. Retirement rules are usually based on age or lengths of service or a combination of both (Bennisonn, and Casson, 1984).

Keeping good employees has more to do with how organization manages than what they pay. They stay or leave sometimes based on their relationship with their manager and their opportunity to both contribute and advance in their job. One recent study showed that 50 percent of the typical employee's job satisfaction is determined by the quality of his/her relationship with the manager. Reducing turnover also starts with commitment of top executives. (Branham, 1997). Work environment is another important factor, which has influence on job retention. Study found that politics-free work environment is significantly correlated to job satisfaction of employees (Pahik and Pesonjee, 1997).

## **JOB SATISFACTION**

The job satisfaction has got tremendous attention in organizational research. The focus of this study is to determine the impact of various human resource management practices like job autonomy, team work environment and leadership behaviour on job satisfaction. It also investigates the major determinants of job satisfaction in banking sector. This study further evaluates the level of difference in job satisfaction among public & private bank.

An employee's job satisfaction depends as much on the positive mental, spiritual, physical, and emotional resources the employee brings to the workplace.

The term job satisfaction has been conceptualized in many ways. Job satisfaction focuses on all the feelings that an individual has about his/her job. It has been assumed by organizational behaviour research that individuals who express high satisfaction in their jobs are likely to be more productive, have higher involvement and are less likely to resign than employees with less satisfaction. It has been already studied by various authors in various spheres. However the researcher has studied

job satisfaction of employees in new private sector and public sector banks specifically in the banking sector. Banks are the backbone of our country and therefore their contribution to the nation should be to the fullest. The researcher has done a factor analysis using principle component method to find out the different factors that affect the job satisfaction of banking sectors employees.

Job satisfaction is a topic of wide interest to both people who work in organizations and people who study them. It is a most frequently studied variable in organizational behaviour research, and also a central variable in both research and theory of organizational phenomena ranging from job design to supervision (Spector, 1997). The traditional model of job satisfaction focuses on all the feelings that an individual has about his/her job. However, what makes a job satisfying or dissatisfying does not depend only on the nature of the job, but also on the expectations that individuals have of what their job should provide. Satisfied employee is inclined to be more industrious, inspired, and dedicated to their work (Syptak et al., 1999). Job satisfaction results from the exchange of personal factors, such as principles, character, and opportunity with employment factors such as the impression of the work situation and the job itself (Davies et al., 2006).

### **EMPLOYEE ATTRITION**

The attrition rate has always been a sensitive issue for all organizations. Calculating employee turnover rate is not that simple as it seems to be. No common formula can be used by all the organizations. A formula had to be devised keeping in view the nature of the business and different job functions. Moreover, calculating attrition rate is not only about devising a mathematical formula. It also has to take into account the root of the problem by going back to the hiring stage.

### Attrition rate:

There is no standard formula to calculate the attrition rate of a company. This is because of certain factors as:

- The employee base changes each month. So if a company has 1,000 employees in April 2004 and 2,000 in March 2005, then they may take their base as 2,000 or as 1,500 (average for the year). If the number of employees who left is 300, then the attrition figure could be 15 percent or 20 percent depending on what base you take.
- Many firms may not include attrition of freshers who leave because of higher studies or within three months of joining.
- In some cases, attrition of poor performers may also not be treated as attrition.

### Calculating attrition rate:

#### Attrition rates can be calculated using a simple formula:

Attrition = (No. of employees who left in the year / average employees in the year) x 100

#### Attrition Costs

One of the best methods for calculating the cost of turnover takes into account expenses involved to replace an employee leaving an organization. These expenses are:

- A. Recruitment cost: The cost to the business when hiring new employees includes the following six factors plus 10 percent for incidentals such as background screening:
- Time spent on sourcing replacement
  - Time spent on recruitment and selection
  - Travel expenses, if any

- Re-location costs, if any n Training/ramp-up time
- Background/reference screening

B. Training and development cost: To estimate the cost of training and developing new employees, cost of new hires must be taken into consideration. This will mean direct and indirect costs, and can be largely classified under the following heads:

- Training materials
- Technology
- Employee benefits
- Trainers' Time

C. Administration cost

- Set up communication systems
- Add employees to the HR system
- Set up the new hire's workspace
- Set up ID-cards, access cards, etc.

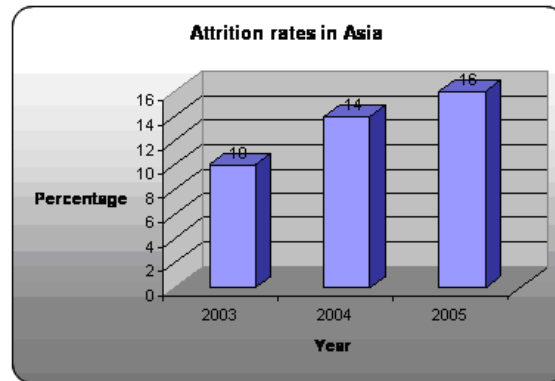
### **Attrition Rates In Asia**

In Asia, organizations faced an overall attrition rate of 16% in 2005. Attrition rate was 14% in 2004 and 10% in 2003.

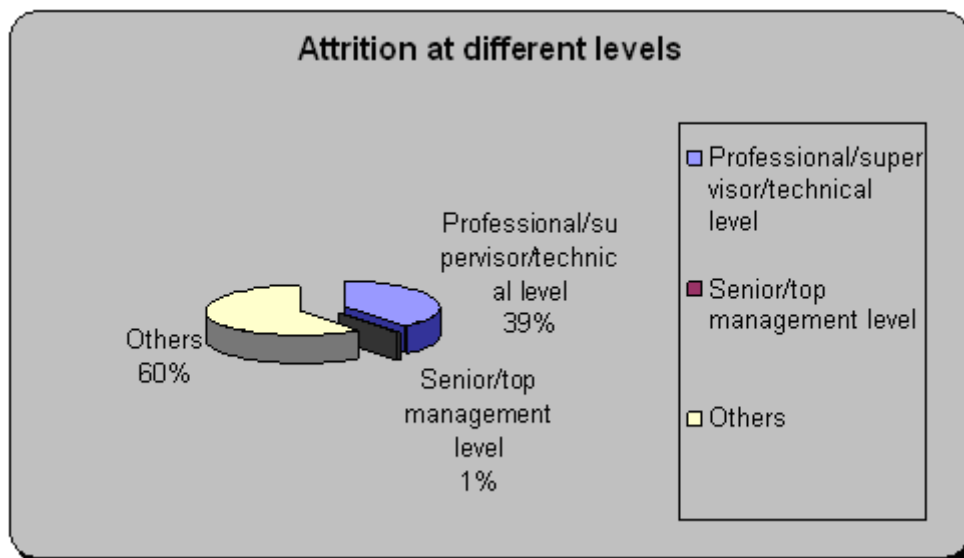
According to Hewitt's Attrition and Retention Study Asia Pacific 2006, the no.1 reason for this growing attrition rate is compensation unfairness. 21% of the organizations who took part in the survey said that their employee left the organization because they got offers from other organizations offering better pay packages. The no. 2 reason was less growth opportunities and no. 3 reason was role stagnation.

The study also revealed that the top **employee retention** strategy being used by the organizations in Asia was to pay above the industry

standards, providing opportunities to employees to learn new skills, and provide work life balance.



**From employee point of view**



**According to the employees, attrition at the professional/supervisor/technical level was the highest (39%) and lowest at the senior/top management level (1% approximately).**

**Core Job Dimensions**

**Critical Psychological States**

**Personal and Work Outcomes**

**Organizational Outcomes**

- Skill Variety
- Task Identity
- Task Significance

Autonomy

Feedback

Experienced meaningfulness of the work

Experienced responsibility for outcomes of the work

Experienced responsibility for outcomes of the work

- High internal Work Motivation

High quality of work performances

High satisfaction with the work

Low absenteeism and turnover

- Growth Prospects
- Participation
- Accountability
- Feeling of accomplishment
- Job Security
- Self-Esteem
- Prestige inside and outside
- Amenities
- Authority
- Involvement
- Interpersonal relationships
- Working Conditions

High Work Motivation

High Satisfaction with work

High Involvement with work

Satisfied Employees

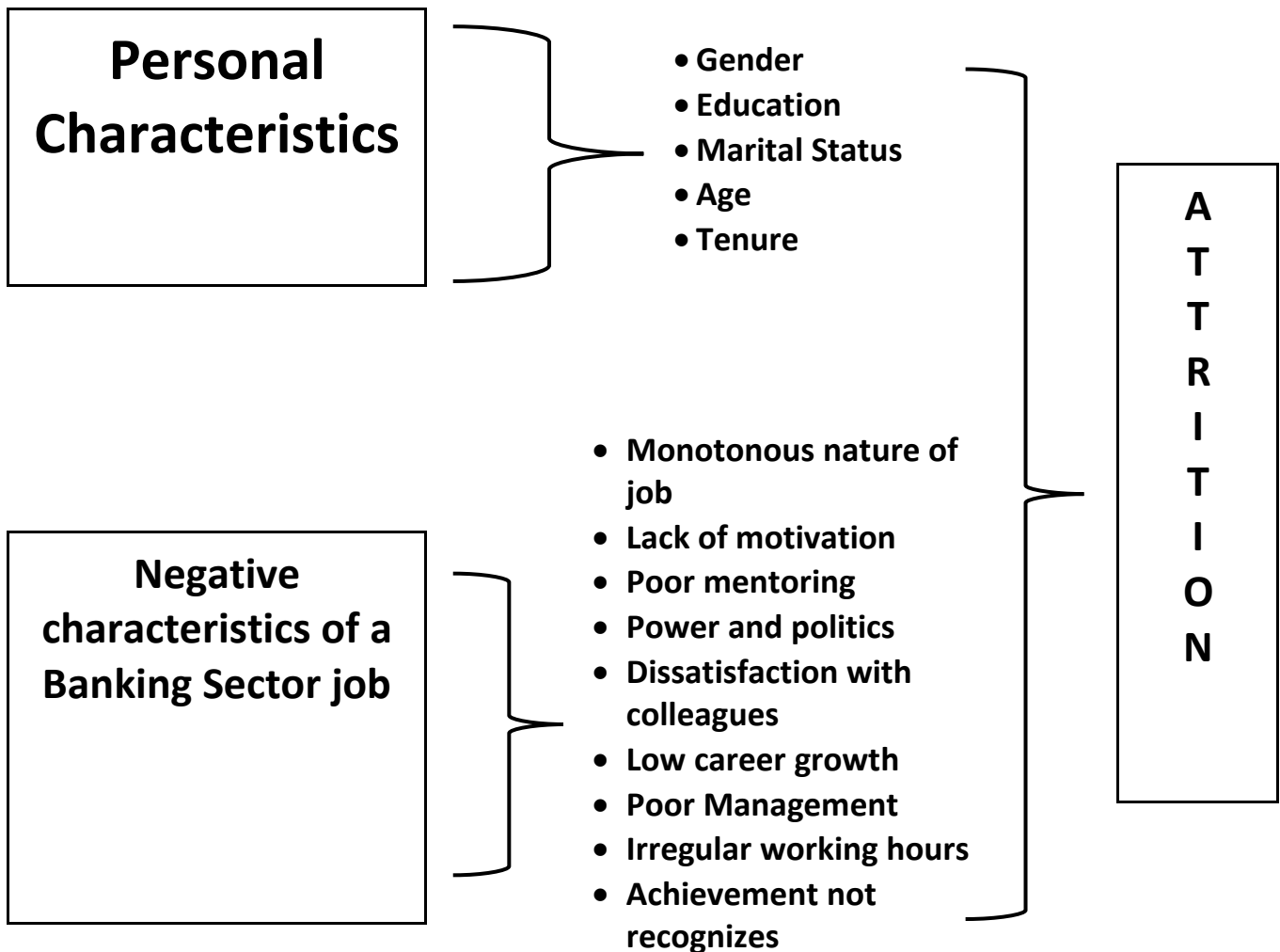
Motivated Employees

Involved Employees

Retained Employees



**Figure 1: Modified version of Hackman and Oldham’s Job Characteristics Model**



**Figure 2: Basic model for attrition**

Based on the Hackman and Oldham’s Job Characteristics Model and the modifications made to it, a clearer and more lucid pictorial framework of the model is given in Figure 2 and 3. Figure 2 clearly illustrates the basic constructs of the attrition model: personal characteristics, negative job characteristics (job dimensions), and the final resultant as attrition. Figure 3 illustrates constructs of retention model i.e. personal characteristics, intrinsic

job dimensions and the resulting level of satisfaction, motivation and involvement (work outcomes) and the final result i.e. retained employees (organizational outcomes).

## **Review of literature:**

Job satisfaction is defined as all the feelings that an individual has about his/her job. Researchers have attempted to identify the various components of job satisfaction, measure the relative importance of each component of job satisfaction and examine what effects these components have on workers' productivity.

Maslow (1954) suggested that human needs form a five-level hierarchy ranging from physiological needs, safety, belongingness and love, esteem to self-actualization. Based on Maslow's theory, job satisfaction has been approached by some researchers from the perspective of need fulfillment (Kuhlen, 1963; Worf, 1970; Conrad et al., 1985).

Herzberg et al. (1959) formulated the two-factor theory of job satisfaction and postulated that satisfaction and dissatisfaction were two separate and sometimes even unrelated phenomena. Intrinsic factors named 'motivators' (that is, factors intrinsic to the nature and experience of doing work) were found to be job 'satisfiers' and included achievement, recognition, work itself and responsibility. Extrinsic factors which they named 'hygiene' factors were found to be job 'dis-satisfiers' and included company policy, administration, supervision, salary, interpersonal relations and working conditions Herzberg and Mausner's Motivation-Hygiene theory has dominated the study of the nature of job satisfaction, and formed a basis for the development of job satisfaction assessment. Thus job satisfaction is the affective orientation that an employee has towards his or her work. It can be considered as a global feeling about the job or as a related constellation of attitudes about

various aspects or facets of the job. The global approach is used when the overall attitude is of interest while the facet approach is used to explore which parts of the job produce satisfaction or dissatisfaction. Kennerly (1989) investigated the relationship among administrative leadership behaviours, organizational characteristics, and faculty job satisfaction in baccalaureate nursing programs of private liberal art colleges. The existence of organizational behaviour such as mutual trust, respect, certain warmth, and rapport between the dean/chair and the faculty member was a predictive factor in the development of nurse faculty job satisfaction.

Harman et al., (1999) that negative job attitudes (e.g., low levels of job satisfaction) is one of the causes of leaving. In their seminal work, March and Simon (1958) proposed a psychological explanation of turnover that is based on individuals' utility functions: When outcomes (such as pay or promotion opportunities) are too low relative to the employee's expectations, an employee becomes dissatisfied and motivated to leave

Anonymous (1989) suggests that Worker turnover is also a serious problem in construction and warrants attention. Poor supervision, unproductive relationships with the boss, poor planning, and generally poor management are the prime reasons cited by the workers for turnover. As in the case of absenteeism, this too can be minimized by planning, supervising, and the application of good management principles. Lower turnover offers a broad range of productivity gains. One other significant cause of turnover is the attractiveness of nearby jobs offering extended overtime.

Billingsley and Cross (1992) studied 956 general and special educators in Virginia investigated commitment to teaching, intent to stay in teaching, and job satisfaction. Findings of this study revealed greater

leadership support, work involvement, and lower levels of role conflict and stress-influenced job satisfaction for both groups studied.

Moody (1996) reported a relationship between number of years teaching in the institution and satisfaction with the job, salary and coworkers. Spector (1997) has reviewed the most popular job satisfaction instruments and summarized the following facets of job satisfaction: appreciation, communication, co-workers, fringe benefits, job conditions, nature of the work itself, the nature of the organization itself, an organization's policies and procedures, pay, personal growth, promotion opportunities, recognition, security and supervision, Job satisfaction and its relating factors. He also felt that, the above approach has become less popular with increasing emphasis on cognitive processes rather than on underlying needs so that the attitudinal perspective has become predominant in the study of job satisfaction.

Truell et al. (1998) stated that with limited studies regarding job satisfaction among faculty in community colleges, the study of job satisfaction is essential due to the increasing number of student enrolments. Truell et al. (1998) found that faculty in their sample were more satisfied with the job itself.

Smithers et al., (1998) found that Turnover (loss from schools) of full time teachers in 2002 was found to be 14.1 per cent in Spanish schools. Five main factors were found to influence teachers' decisions to leave: workload, new challenge, the school situation, salary and personal circumstances. Of these, workload was by far the most important, and salary the least. Leavers tended to be disproportionately either young with a few years' service or older and approaching retirement. Young leavers were more likely to cite 'salary' and 'personal circumstances (including travel)', older leavers 'workload'. Young leavers, particularly those travelling or teaching abroad, were more likely to expect to return to full-time teaching.

Doughty et al. (2002) studied Nurse Faculty at a small Liberal Arts College assessing perception of Nurse Faculty regarding their work environment. Factors most appreciated by faculty were involvement, coworker cohesion, supervisor support, and autonomy. This study showed that many factors contribute to job satisfaction of Nurse Faculty. Castillo and Cano (2004) conducted a study at an agricultural college at a large university by using the Herzberg's theory and the Wood Faculty Satisfaction/ Dissatisfaction Scale (WFSDS) to explore the factors that explain job satisfaction.

Their findings showed that the work itself was the most important factor that contributed to job satisfaction, with working conditions being the least important. However, they did report that all of the factors of the Herzberg's theory were moderately related to job satisfaction. The increase in enrollment and the demands placed on faculty by the community, hospitals, and the college to produce a larger number of nursing graduates appears to be affecting morale and overall job satisfaction.

Hsiu-Chin et al. (2005, fourth quarter) findings were consistent with results of a study in Taiwan on Nurse Faculty job satisfaction and their perceptions of nursing deans' and directors' leadership styles. Findings revealed that Taiwanese Nurse Faculty is moderately satisfied with their jobs and that they preferred that their dean use a transformational type of leadership.

Ambrose et al. (2005) conducted a qualitative study to investigate faculty satisfaction and retention. The study focused on the faculty of a private university over a period of 2 years. Findings suggested sources of satisfaction or dissatisfaction clustered into areas such as salaries, collegiality, mentoring, and the reappointment, promotion, and tenure process of departmental heads.

Brady (2007) reported that many of the factors that affect nurse faculty in baccalaureate- and graduate degree nursing programs have a consequence on the retention of nurse faculty in associate-degree nursing programs as well.

Various studies discussed shows that job satisfaction has been studied with relevance to co-worker behaviour supervisor behaviour, pay and promotion, organizational factors and other work related factors. In some studies the employees were highly satisfied or otherwise. Dominating studies in job satisfaction are available on nursing, teachers, doctors etc. But a study in banking sector is very rare. The gap in this literature is the negligible studies available in Rajasthan with special reference to public & private bank employees that has motivated the researcher to find out the job satisfaction level of employees in banking sector-Rajasthan. Banking sector is a prime sector in the national scenario and mainly it has survived unaffected in spite of the recession.

Therefore this study will form a base for future researchers to conduct studies with respect to banking sector in Jaipur, Ajmer & Bhilwara in Rajasthan, India.

## **Motivation/Justification and relevance of this study:**

### **1. To the banking sector:**

This research will certainly be valuable and important for the banking sector that will come to understand their employee satisfaction and how to reduce attrition rate in there Banks. The study will provide them with feedback from employees about the impact of Job Satisfaction in Employee Attrition and will help banking sector to maintain their reputed value. This will further help them to improve their productivity & competence. It will also provide them with information for the satisfaction level and retaining the prospective employees.

### **2. To the prospective employees of the banking sector:**

The study will provide a comparative account of the pros and cons of internal satisfaction of employees regarding the working condition of the banking sector, which will help to retain prospective employees in the banking sector.

### **3. To the academicians, researchers and students:**

The research will prove informative for academicians, students and reader interested in methods and procedures of HRM research especially for job satisfaction. This research will inform them about the job satisfaction level of banking sector. It will help them understand the pattern of preferences and the psychological behaviour of the employees working in both public & private bank in Rajasthan.

## **Objectives:**

The objective of Impact of Job Satisfaction on Attrition in Banking Sector. A comparative study of public sector bank & private sector bank in Rajasthan.

### **These objectives can be summarised as:**

1. To analyse the Impact of Job Satisfaction on the Rate of Attrition.
2. To compare the Employee Job Satisfaction level in Public and Private Sector Banks.
3. To know the Attrition Rate in Public and Private Sector Banks.
4. To analysis the Retention Management Practices in the Banking Sector (both in Public and Private Sector Banks)
5. To ascertain the impact of different variables such as the occupation level (Clerk, Cashier & Officer), Age, Education, Organisational Climate, Economic Background and Gender on the level of Job Satisfaction.
6. To determine whether the sectorial difference in term of Compensation, Growth, Social Environment, Opportunities, Job Security, Self-esteem, Retirement Benefits, PL&CL influence employees perception of Job Satisfaction.



## **Hypotheses:**

**Following hypothesis have been framed to test the research problem mentioned above.**

**H<sub>1</sub>:** There is a significant relationship between the employee Job Satisfaction and rate of Attrition in Banking Sector.

**H<sub>2</sub>:** There is significant difference between the level Job Satisfaction of employees working in in Public and Private Sector Banks.

**H<sub>3</sub> :** There is significant difference in the Attrition rate in in Public and Private Sector Banks.

## **Plan of work and methodology:**

### **Data collection and Research design:**

The present study will use various tools of analysis depending upon the nature, need and suitability of the data available to analyze and study the employee job satisfaction level of the banking sector.

The Research Design opted is descriptive in nature. The Sampling Technique is Non-Probability, Convenience and Judgemental. The domain of the study included 4 cities in Rajasthan, one of the old and leading nationalized & private banks. The branches were small to extra-large in size including regional and zonal offices. Due to constraints, the study was limited to Rajasthan. The sample size was 400 employees. The data type is primary and the data were primarily collected by the administration of questionnaire (close ended)

Primary data will be collected through questionnaire from 400 respondents. The respondents will be selected by stratified sampling technique from a universe comprising of strata based on two criterions namely:

*a) public & Private sector:*

Public sector respondents : 200

Private sector respondents : 200

Primary data will also be collected through questionnaire, one to many chatting on internet, via instant messenger technique.

Secondary data will be collected from websites available on Internet, especially that of the HRM. Besides, the cyber forums also serve as

source of secondary data, wherein the forum members provide the relevant secondary data available with them.

The research study is more of a behavioural study and so it is qualitative as well as quantitative in nature. However, quantification of the subjective data will be done using techniques like the rating scale technique. It will include a descriptive and exploratory research

### **Analysis of data:**

For the banking sector as a whole, higher rate of job satisfaction will positively correlated with variables: 'age', 'occupation level', 'organisational climate', 'economic background' & 'gender' to the organisation. This positive correlation will confirmed using nature of satisfaction as a corroborating dependent variable. Equally important are the significant negative correlation found between job satisfaction & 'Over time', and 'work stress'. Again this negative correlation will confirmed using nature of satisfaction. The data will be analyzed using various statistical techniques like tabulation, histograms, pie charts, measures of central tendencies etc.

### **Place of work and facilities available:**

The present study is aimed at comparative study of job satisfaction in public & private bank with special reference in BOB & ICICI Bank in Rajasthan. The primary data will be collected from Jaipur, Ajmer & Bhilwara zones of Rajasthan state.

The study will be mainly based on the primary data. In order to supplement the information reference to secondary data available on the Internet will be made besides the published and unpublished materials like the newsletters, articles, journals etc.

## **Limitations of the study:**

The study may suffer from the common limitations of a subjective research. The quantification problem, imperfections of data and the intricacy involved in the statistical analysis are in a way inevitable in all such behavioural science researches.

Main source of data being the primary source of data, manipulation at the respondent's end cannot be averted. Effect of uncontrollable extraneous variables may also influence the respondents sub-consciously.

The published and unpublished secondary data available on Internet has its own limitations, as many of them are the author's own views and not a generalized perception. Further, the respondents often times do not portray a true picture and opinion.

The conclusions, therefore, are subject to aforesaid constraints and are only exploratory and suggestive in nature.

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1.	<b><u>INTRODUCTION: JOB SATISFACTION</u></b> - Meaning - Significance - Objectives <b><u>INTRODUCTION: ATTRITION</u></b> - Meaning - Significance - Objectives <b><u>IMPACT OF JOB SATISFACTION ON EMPLOYEE ATTRITION IN BANKING SECTOR</u></b> <b><u>CURRENT SCENARIO OF JOB SATISFACTION &amp; ATTRITION</u></b>	
2.	<b><u>RESEARCH METHODOLOGY</u></b> - Meaning of Research - Exploratory Research - Descriptive research - Review of Literature - Formulation of Problem - Formulation of Hypothesis - Objectives of the Problem - Determination of Sample Size - Profile of Respondents - Source of Data - Collection of Data - Tabulation of Data - Preparation of Research Report	
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4.	<b>A BRIEF INTRODUCTION OF PRIVATE BANK IN INDIA</b> - ICICI Bank	
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12.	<b>ANNEXURE : QUESTIONNAIRE</b>	

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