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Impact of Compensation Practices on Employee Job Satisfaction: Case of Private Banks in Sodo Town

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Abstract

The objective of this study is to test the effect of private banks' compensation practices on employee job satisfaction. Explanatory research design with quantitative research approach has been followed on the data from 204 permanent employees of the Banks and the result shows that the basic pay, premium pay, incentives, fringe benefits, leave related benefits, health and insurance, the retirement and termination benefits, and employee welfare benefits all are good in the banks as measured in mean value so that the management of the Banks should hold such satisfaction level of the employees. All the variables had significant effect on the job satisfaction of employees. To further enhance the satisfaction of employees, the banks should give more support, resources, and better pay, promotion opportunities, meaningful work and incentives.

Key Words: Compensation Practices, Job Satisfaction, Banks, Sodo Town

Introduction

The compensation package comprises of monetary and non-monetary benefits that includes salary, special allowances, house rent allowance, travel allowance, mobile allowance, employee stock options, club memberships, accommodations, retirement benefits and other benefit.

Compensation is the area of human resources management which involves making decisions about pay that are fair, equitable and competitive with current market rates; providing employees with incentives to improve performance; ensuring that benefits packages are cost effective and serve to motivate employees, and making certain that all compensation-related policies and programs comply with government requirements (Hamel, 2008).

According to Armstrong and Brown, (2005), described that Compensation management is one of the central pillars of Human Resources Management. It is concerned with the formulation and implementation of strategies and policies that aim to compensate people fairly, equitably and consistently in accordance with their value to the organization.

A literature reviewed showed that compensation packages have relationships with workers' job satisfaction. A study established a theoretical framework based on equity theory and used it to examine how different compensation packages might be influencing workers' job satisfaction.

Compensation is a fundamental component of human resource management. It covers economic reward in the form of wages and salaries as well as benefits, indirect compensation or supplementary pay (Ojo, 2008). Compensation emanates basically from the fact that it provides income to workers and constitutes an important cost item to the employer (Martocchio, 2011).

Compensation plays a significant role as it is the back bone of any employment relationship more especially in banking industry which requires human effort to achieve its objective. Workers cannot put their effort without return for their labor as referenced to classical theory.

Employees' compensation is divided into two categories: the intrinsic and extrinsic reward. Intrinsic rewards relate to a psychological mindset that is experienced by workers at work. whereas the extrinsic reward covers employees' pay and benefits, which workers enjoy as a result of their contribution to the organization (Armstrong, 2002).The most vital tool for creating value to organization is extrinsic compensation (Lai,2012).

Therefore, this research has been undertaken on extrinsic and intrinsic reward. Extrinsic compensation does not only involve salary alone but all remuneration, benefits and allowances offered to the employees for their service (Bhattacharya and Sengupta, 2009; Bruvik and Gibson, 2010). Moreover, this research will apply the theoretical framework based on equity theory to examine how the elements of total compensation might influence workers' motivation, job satisfaction, attraction and retention at work. Thus, the principal dimensions of total compensation that give rise to different reactions among workers will also be examined in this study.

The focus of this study is the compensation packages in form of pay (salary and other allowances) and workers' benefits (pension and gratuity), recognition, promotion opportunities and meaningful work which private banks' employees are enjoying.

Statement of the Problem

Compensation management has always been a central problem for managers and companies as it has various impacts on productivity, it affects how willing employees are performing their duties, how many efforts they will extend, and how well they perform it. Keeping employees happy is certainly one of the things that need to focus on. This is especially, true if the Banks has gone through the trouble to find employees that really feel are valuable to business each and every way. Once companies have found the employees that fit into Banks business, do good work and that Banks can trust, do not want to lose them, because of something that something else that Banks could have helped. Employees who are good at what they do or who are good employees are going to know that they can find work anywhere, so they are going to need to be kept happy, no matter what Banks do, So that Banks should not lose them.

Compensation makes a prime role and is the primary factor among all other factors which includes banks image, job satisfaction, welfare facilities, job security etc. Designing compensation to gain employee satisfaction is a burning issue in both service and manufacturing industries.

The high achievements of private banks were impossible without much efforts of its human resource. Therefore, banks' compensation packages offered must be competitive and are, at least, equitable to the compensation package offered by the other organizations with similar business. In order to play the productivity and profitability role successfully the banks needs to have well motivated employees. But still the problem not solved is whether or not the compensation package offered by private banks is enough or not to satisfy its employees. Moreover, there is no enough evidence that the compensation packages provided to employees have direct effect on employees on job satisfaction as a result to improve the performance of the banks and to achieve private banks' goals.

Objective of the Study

The general objective of this study is to investigate the impact of compensation practices on employee job satisfaction by taking a case of private banks in Sodo town.

The objectives specifically are:

- ✓ To investigate the effect of pay on employee job satisfaction
- ✓ To investigate the effect of recognition on employee on job satisfaction
- ✓ To investigate the effect of promotion opportunities on employee job satisfaction
- ✓ To investigate the effect of working conditions on employee job satisfaction

Research Hypotheses

H_1: Pay has no significant effect on job satisfaction.

H_2: Recognition has no significant effect on job satisfaction.

H_3: Promotion opportunity has no significant effect on job satisfaction.

H_4: Working condition has no significant effect on job satisfaction.

BRIEF LITERATURE REVIEW

Components of Compensation

Executive compensation systems normally include four components, including salary, bonuses, long-term incentives and benefits. Total compensation includes all forms of cash compensation (e.g. base pay, shift differentials, overtime, on-call pay, bonuses, commissions, etc.) and the dollar value of the employer-sponsored benefit package (e.g. health and dental insurance, long and short term disability, paid leave, retirement, life insurance).

According to Singh (2007), Compensation is typically divided in to direct and indirect components. The term direct compensation is used to describe financial remuneration usually cash and includes such elements as basic pay, dearness allowance, overtime pay, shift allowance ,incentives, bonus , profit-sharing bonus and commission etc. Indirect compensation or wage supplements or fringe benefits refer to such benefits as provident fund, pension scheme, medical and health insurance and sick leave and various other benefits and perks.

Long (2006) categorizes compensation into extrinsic and intrinsic rewards. Extrinsic Rewards are those rewards which are most visible, such as job security or opportunities for promotion. They may be further divided into direct rewards, including cash compensation such as base pay and performance pay and indirect rewards generally classed as non-cash, or benefit items, that protect an employee’s income or contribute to the employee’s standard of living.

Total Compensation refers to all forms of pay or rewards going to employees as a result of their employment and can be broken down into three categories: Such as Base Pay, Performance Pay and Indirect Pay(Long, 2006) .

Although base pay remains the largest, most readily quantified component in most pay systems, indirect pay, often referred to as “benefits” constitutes a significant and increasing expenditure for many organizations. The term indirect pay acknowledges that benefits are an integral and significant part of total compensation for most organizations and should be considered a component of employee pay in the same way as base pay and performance pay. According to (Long 2006)averaging anywhere from 10 to 40% of a given organization's total compensation, indirect pay can be any employee related expenditure not included in base or performance pay that is a gain to the employee. The six main categories of indirect pay are as follows:

1. Benefits mandated by law, including employer contributions to the Pension Plan, Employment Insurance, and the Workplace Safety and Insurance Board;
2. Deferred income plans, commonly known as retirement or pension plans;
3. Health-related benefits such as life, medical, dental, or disability insurance;
4. Pay for time not worked, such as holidays and leaves;
5. Employee services, ranging from employee assistance programs to food services;
6. Miscellaneous benefits ranging from provision of agency cars to purchase discounts on agency products or services.

Certain indirect compensation elements are required by law, such as: social security, unemployment and disability payments. Other indirect elements are up to the employer and can offer excellent ways to provide benefits to the employees and the employer as well.

Summarily the following figure shows the variety of forms of compensation adopted as far as this study is concerned. Pay may be received directly in the form of cash (e.g., wages, merit increases, incentives, cost of living adjustments) or indirectly through benefits and services (e.g., pensions, health insurance, paid time off). Programs that distribute compensation to employees can be designed in an unlimited number of ways, and a single employer typically will use more than one program. These pay delivery program typically fall into four forms: base wage, merit pay, incentives, and employee services and benefits.

The Concept of Employee Job satisfaction

Locke (2006) defined job satisfaction as "job satisfaction is actually an enjoyable and exciting emotional condition which someone gets in their work and employee's general attitude about the job".

Job satisfaction is important for reducing turnover rate and increase motivation. Prior studies identified that there are different instrument for managing job satisfaction like pay, recognition, promotion opportunities and meaningful work (Mathauer et al., 2006). People will be more committed and more productive during their job if they are more satisfied (Al-Hussami, 2008). Satisfaction and dissatisfaction not only depend of the job but also depend upon employee's expectation about job (Hussami, 2008). Job satisfaction is considered to be the most important element in the organization. In order to succeed organization must keep their employees satisfied (Wubuli, 2009).

Job satisfaction is a significant factor in private Banks for better performance. Job satisfaction is actually a mixture of job role, job responsibilities, incentive and rewards. Job satisfaction is a combination of extrinsic and intrinsic job satisfaction. Extrinsic job satisfaction includes all the external factors like communication style, supervisor co-operation, pay and working conditions while intrinsic job satisfaction includes type of work the worker's do and the duty considered by the employee. When employee is satisfied he will perform well in workplace.

To satisfy employees, organization provides different facilities to employees like to provide good working condition, fairness in job, give promotion and rewards to employees because these are the elements which contribute to employee satisfaction (Parvin & Kabir, 2011). Organizational reward system has a significant impact on the level of employee‘s job satisfaction.

Compensation Links to Job Satisfaction

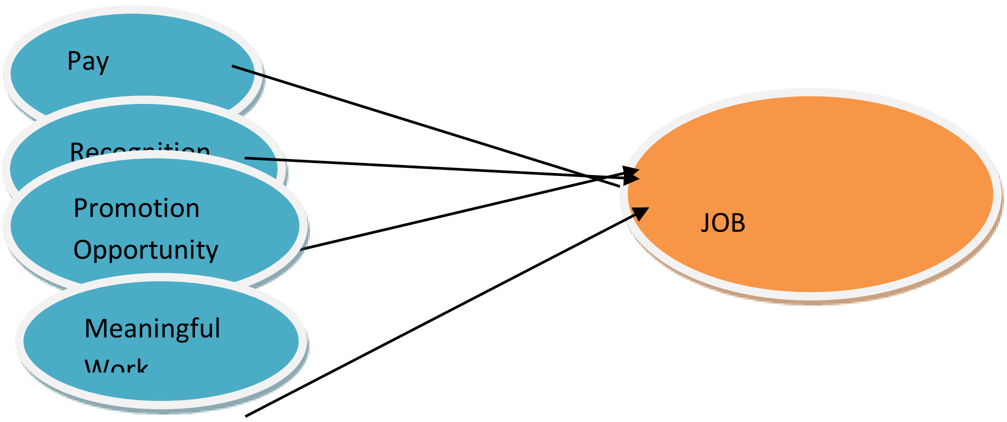
It has been established in several studies that job related factors such as pay, recognition, meaningful work, promotion opportunities, job security influences job satisfaction (Pouliakas and Ioannis,2010); whether the job involves difficult, boredom or risk, (Skalli,et al.2008); whether the job is fascinating, prestigious, or demanding (De Jonge and Wilmar, 2008); and whether the job involves little worker freedom, gives room for learning skill, allows one to be self- accomplished for getting something valuable (Bockerman and Ilmakunnas 2009; Clark 2008; Linz 2003).

There is a significant correlation between compensation/reward and workers' job satisfaction (Nelson, 2008). As views by Armstrong and Murlis (2006) that reward is a means through which various workers' need are satisfied. The thus unsatisfied Workers normally reduce workplace morale and lower productivity (Garrett, 2003).Job's satisfaction could be enhanced by increasing autonomy, stress reduction and above all rises in compensation package (Whitt, 2006).

Conceptual Framework

Based on the literature and theories the researcher conceptualized the compensation, pay, recognition, promotion opportunities, and meaningful work to have a direct effect on the employees job satisfaction.

Figure 1: Conceptual framework of the study



Methods and Materials

Research Design

The design of this research was classified as explanatory in nature as the research aimed to inspect the effect of compensation practices on job satisfaction. Furthermore, in terms of its time dimension, Cross-sectional design was regarded in this research as being relatively low in cost and time because it only takes a snapshot of an on-going phenomenon (Hussey & Hussey, 1997). This reason, among other things, underlined the choice of such a design for this research. A lack of assurance in respect of accessing to the same respondents for a possible follow-up research was another reason not to select a longitudinal design.

Research Approach

The current research adopted the quantitative research approach because first, it has established the causal relationship among the variables in the research problem. It looked the cause-and-effect relationship between each of the variables in the chain on their every succeeding variable and it analyzed the mediating effect of a variable on succeeding variable via every preceding variable. Second, it was based on deduction from the theory that the indicated constructs or variables were by nature interrelated and have cause-effect relationship of one on the other. Finally it was based on the statistical or numerical data which was surveyed from the employees and customers of the banks using the Liker's type scale.

Population of the Study

The total population of the study includes 416 permanent employees of private banks in Wolaita Sodo Town as of May 2018.

Sampling Design

For this study, only the permanent employees were used as a sampling frame. Because the population from which a sample has been drawn does not constitute a homogeneous group; stratified sampling technique was employed in order to obtain a representative sample. The stratification was performed by dividing the target population into several departments (strata) that are individually more homogeneous than the total and then items from each stratum was selected randomly to constitute the sample. As of May, 2018, there were 416 permanent employees in private banks. As indicated bellow, by using Taro Yamane, (1967) formula to determine the sample size:

$n = N / [1 + N (e)^2]$

Where

n = corrected sample size,

N = population size,

e = Margin of error (e = 0.05)

$n = 416/ [1 + 416 (0.05)^2]$

= 204 Permanent Employee

Data Type, Sources and the Instrument for Data Collection

The primary data was collected using close ended questionnaire from both management and non-management employees of all departments of the banks in order to gather pertinent information. Secondary data was collected from literatures and both published materials (books, journals, articles, proceedings, banks' working papers, broachers', policy documents, activity reports, etc.) and unpublished materials to supplement the primary data question was used as the instrument for data collection.

Methods of analysis and Statistical Tools

To make the collected data ready for analysis, the questionnaires were checked for completeness. The data obtained through questionnaire was analyzed with the help of SPSS by using descriptive statistics. The analyzed data then organized in tables and computed using percentages and mean values.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Demographics of the Respondent

This sub section of the chapter presents background information of employee respondents of private banks from which the data has been collected. Hence, this section presents, analyzes and interprets the data from employee with regard to their age group (in years), gender, their education level and the length of time they have worked for Banks.

Table 1: Age of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-34	66	32.4	32.4	32.4
	35-44	129	63.2	63.2	95.6
	45-54	9	4.4	4.4	100.0
	Total	204	100.0	100.0	

Source: Survey (2018)

As indicate in table 1 above, most of the employees are aged 35 to 44 with 63.2%, next to it the age category of 25 to 34 with 32.4% and the rest are with the age of 45 to 54 category with only 4.4%. Thus, most of the employees of private banks are youth.

Table 2: Sex of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	149	73.0	73.0	73.0
	Female	55	27.0	27.0	100.0
	Total	204	100.0	100.0	

Source: Survey (2018)

As indicate in the table 2 above, the male and female proportion holds 73% and 27% respectively, indicating that there are more male than female employee in the organization.

Table 3: Educational Qualification of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College Diploma	12	5.9	5.9	5.9
	First Degree	192	94.1	94.1	100.0
	Total	204	100.0	100.0	

Source: Survey (2018)

As indicated in the table 3 above, 94.1% of the respondents were first degree holders and 5.9% were college diploma holders. Thus, most of the respondents were first degree holders in private banks.

Table 4: Year of service of the respondent in Current Positions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	37	18.1	18.1	18.1
	6-10 years	102	50.0	50.0	68.1
	11-15 years	41	20.1	20.1	88.2
	16-20 years	17	8.3	8.3	96.6
	above 21 years	7	3.4	3.4	100.0
	Total	204	100.0	100.0	

Source: Survey (2018)

As indicated in the table 4 above, those employees with 6 to 10 years experience were highest in the number with 50% of the employees followed by 11-to 15 years experience, 1-to 5 years experience, 16 to 20 years experience and above 21 years experience with 20.1%, 18.1%, 8.3% and 3.4% respectively. This shows most of the employees of the banks were working for the banks for long time with more than 5 years.

Table 5: Category of work of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non Management	172	84.3	84.3	84.3
	Management	32	15.7	15.7	100.0
	Total	204	100.0	100.0	

Source: Survey (2018)

As indicated in the table 5 above, most of the employees were in no management position with 84.3% and the 15.7% of the respondents were in the management positions in the banks.

Data Preparation for Regression Analyses

Data preparation procedures were taken to ensure the quality of data suitability for regression analysis used in this research. The procedures involved were assessing the adequacy of the sample size, coding the data, and diagnosing the normality of data distribution. Most parametric tests based on the normal distribution have four basic assumptions that must be met for the test to be accurate. These are the assumption of normally distributed data; the assumption of homogeneity of variance, the assumption of independence of data from different participants/observations/sampling and the assumption that the data should be at interval measurement level (Andy Field, 2005, 2009; Bruce et al., 2002).

Sample Size Adequacy

Regression analyses require a large sample size (Kline, 2005). However, there have been various views and recommendations on this issue. As a general rule of thumb, samples with more than 200 cases are deemed large (Hair, Anderson, & Tatham, 1998; Kline, 2005). Others believe that a sample size of 150 or more is required to get parameter estimates that have small standard errors (Anderson & Gerbing, 1998). Another recommendation is to have a sample size of at least 300 cases (Tabachnick & Fidell, 1996). Referring to such guidelines, the sample size of 204 from employee respondent sources by using Yamane formula as used in this research was considered more than appropriate.

Coding the Data

All questionnaires given to prospective respondents were pre-coded with hand written numbers. The delivery and return dates of the questionnaires were recorded. Once the raw data was collected, responses to these questions were examined. Any entry errors were corrected. A total of 204 questionnaires were found to be eligible for further analyses.

Normality

Cases in a data set would be considered normally distributed when they are clustered around the mean in a symmetrical, uni-modal pattern (Hair et al., 1998). Normality occurs on two levels. The first concerns the normal distributions of individual variables, called uni-variate normality (Kline, 2005). The second is multivariate normality in which the individual variables are uni-variate normal and their combinations are also normal (Hair et al., 1998).

The absolute values of skewness and kurtosis indexes are two of the common statistical methods to assess normality (Kline, 2005). Rules of thumb suggest that the skewness indexes greater than 3.00 indicate data are skewed distributed. There has not been an agreement on the threshold of kurtosis indexes though the absolute value of 10.00 is indicative of a normality problem (Kline, 2005).

The absolute values of skewness and kurtosis indexes for individual cases are displayed in table 6 below. As reported in the table, all the values met the thresholds of both indexes, indicating all univariate items were considered normally distributed. Therefore, multivariate normality can be assumed (Kline, 2005) and non-normality was not problematic in this research. Despite this finding of normality, the Maximum Likelihood estimation method was used in this research since the method is quite robust against any violation of non-normality of data (Anderson & Gerbing, 1988; Bollen, 1989; Kline, 2005).

Table 6: Summary for Z-values of skewness & kurtosis to check normality of data distribution

Variable	Skewness			Kurtosis		
	Statistic	S.E	*Z*-values	Statistic	S.E.	*Z*-values
Average of Pay	-.066	.170	-0.389	-.558	.339	-1.65
Average of Recognition	-.336	.170	-1.98	-.599	.339	-1.77
Average of Promotion Opportunity	-.281	.170	-1.65	-.693	.339	-2.04
Average of Meaningful Work	-.687	.170	-4.04	.237	.339	0.70
Average of Job Satisfaction	-.320	.170	-1.88	-.646	.339	-1.91

Source: Survey (2018)

Although the values of skew and kurtosis are informative, the second way to check the normality of distribution of data is that these values can be converted in to *z*-scores. A *z*-score is simply a score from a distribution that has a mean of 0 and a standard deviation of 1. To transform any score to a *z*-score, simply subtract the mean of the distribution (in this case zero) and then divide by the standard deviation of the distribution (in this case the researcher used the standard error). Skewness and kurtosis are converted to *z*-scores in exactly this way. If the resulting score (when ignoring the minus sign) is greater than 1.96 then it is significant ($p < 0.05$). That means it should be in between ±1.96. Significance tests of skew and kurtosis should not be used in large samples (because they are likely to be significant even when skew and kurtosis are not too different from normal) because of the smaller standard error. It can take thus the comfort in the fact that all values of skewness and kurtosis were below the upper threshold of ±3.29 for all variables. From the *z*-scores for both skewness and kurtosis, it can be verified that the data is normally distributed.

Model Fit for Regression Analysis

The R^2 value (or known as the coefficient of determination) of the linear regression model tells that how well the model fits. Its value ranges from zero to one. Hence, it can be converted into percentage so that, the rule of thumb is the value from 90% to 99% is good model and 0% to 5% is poor model. For such a goodness of fit test, there is significance value in the ANOVA table of the regression model. When it is significant the model is considered as good model that linearly regression application is possible. As indicated in the model summary table 7, the value of R^2 was above 5% and the ANOVA table showed the significant values. Thus, it can be said that the regression model used in this research was fit.

The Effect of Compensation on Employee Job Satisfaction

This sub section presents the result for the effect of compensation practices on employees' job satisfaction base on the data collected from private banks Sodo town by using the regression model and the beta result of the model. The X_1, X_2, X_3, and X_4, are indicating the basic pay, recognition, promotion opportunity and meaningful work respectively.

Table 7: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.990[a]	.980	.979	.067	2.257

a. Predictors: (Constant), Average Meaningful Work, Average Recognition, Average Promotion Opportunity, Average Pay
b. Dependent Variable: Average Satisfaction

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42.957	4	10.739	2385.888	.000[b]
	Residual	.896	199	.005		
	Total	43.852	203			

a. Dependent Variable: Average Satisfaction
b. Predictors: (Constant), Average Meaningful Work, Average Recognition, Average Promotion Opportunity, Average Pay

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.253	.048		-5.293	.000
	Average Pay	.744	.036	.668	20.839	.000
	Average Recognition	.108	.025	.128	4.284	.000
	Average Promotion Opportunity	.141	.021	.164	6.677	.000
	Average Meaningful Work	.076	.019	.068	4.048	.000

a. Dependent Variable: Average Satisfaction
Source: Survey (2010)

As indicted in the summary of regression weights in table 7 above, for the regression between compensation practices and employee job satisfaction, the value of R and R^2 for the model has been derived. For this simple linear regression, the R has a value of 0.990. The predictor variables were the pay, recognition, promotion opportunities, and meaningful work. Hence, this value represented the simple correlation between all of the independent (pay, recognition, promotion opportunities, and meaningful work) and the dependent variable (employee job satisfaction) and the value indicated the existence of strong and positive correlation between the variables.

The R^2 of 0.98 (98%) on the other hand, indicated that the pay, recognition, promotion opportunities, and meaningful work well explained the variance in employee job satisfaction as an R^2 value summarizes the proportion of variance in the dependent variable explainable by the collective set of the predictors; in this case the independent variables were pay, recognition, promotion opportunities, and meaningful work, which tells that these independent variables (pay, recognition, promotion opportunities, and meaningful work) can account for 98% of the variation in employee job satisfaction.

The most important part of the ANOVA table is the *F*-ratio and the associated significance value of that *F*-ratio. For this data, *F* –ratio was 2385.888, which was significant as $p < 0.05$ ($P = 0.000$). This result tells that there was less than a 5% chance that an *F*-ratio this large would happen if the null hypothesis was true. Therefore, it can be said that the regression model results in significantly better predictor of job satisfaction of employee than if it was used the mean value of job satisfaction of employee. In short, the regression model overall predicts job satisfaction significantly well as the ANOVA tells that whether the model, overall, results in a significantly good degree of prediction of the outcome variable. In this simple case there were four variables in the model- pay, recognition, promotion opportunities, and meaningful work, so it can be inferred that these variables were a good predictors of job satisfaction of employee.

The beta coefficient (β_1) for un-standardized regression weights were 0.744, 0.108, 0.141, and 0.076 with significant *P*-value at 5% significance level showing the pay, recognition, promotion opportunities, and meaningful work were significantly and positively affecting employee job satisfaction in private banks. It also shows the gradient of the regression line representing the change in the outcome associated with a unit change in the predictor. Therefore, if the pay, recognition, promotion opportunities, and meaningful work were increased by one measurable unit, then the model predicted that 0.744, 0.108, 0.141, and 0.076 extra employee job satisfaction in the Banks happens respectively. It indicated that when nothing was considered for pay, recognition, promotion opportunities, and meaningful work (that is, when x_1, x_2, x_3, and $x_4 = 0$), the model predicted that -0.253 level of employee job satisfaction. Where the prediction model was:-

$$Y = -0.253 + 0.744\,x_1 + 0.108\,x_2 + 0.141\,x_3 + 0.076\,x_4$$

Conclusions

The objective of this study is to assess the effect of compensation practices on employee job satisfaction with the specific predictor variables pay, recognition, promotion opportunities and meaningful work. The empirical finding from the study indicate that there is positive and significant relationship between job satisfaction and private banks compensation practices as is in ealier researches (Ismail et al. 2012, Bilal H. 2012). All the predictor variables are highly significant and well explain the dependent variable, employee job satisfaction.

As it is shown in the R^2, which is the coefficient of determination, shows the variables identified as the predictors are well explain or predict the job satisfaction of employees, so that the variables require due considerations.

The results of this study are similar to the results of other studies in terms of the effect level and explanation ability of the predictor variable on the dependent variable – employee job satisfaction.

Satisfaction with job is important element for motivation and performance of employees. All the predictor variables were the main issue of employees' job satisfaction in the banks. Because the findings also showing that pay, recognition, promotion opportunities and meaningful work have strong relationship with employee job satisfaction as the R coefficient on the model summary shows.

Recommendations

The findings of the study have practical implications for the management of the organization. Hence the management of the organization should give due attention to the pay, recognition, promotion opportunities, and meaningful work as these predictor variables well predict the employee job satisfaction as well as they have high level significance.

As McKenna (2000) argues that if an organizations for minimum level of job satisfaction, the outcomes may be deterioration of productivity, increase employee turnover, absenteeism and a decrease in morale. To further enhance the job satisfaction of banks employee, private banks should give more support, resources, and better pay, promotion opportunities, meaningful work and incentives.

Provision of inflation-adjusted salaries/basic pay and other benefits is very important to retain existing employee and make the provision as an attractive option for new applicants. Lower basic salary cannot bring employee job satisfaction (Tasim, 2006). Compensations should be consistent with present socio-economic conditions. Thus private banks should give due attention to the socio-economic conditions of the country.

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