

# Factors Affecting Employee Satisfaction in Private Commercial Banks: Evidence from Bangladesh

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## Abstract

The purpose of this study is to determine the factors that influence employee satisfaction in private commercial banks in Bangladesh. Data used in the study were collected through an online survey. A total of 380 entry to mid-level employees from the private banking sector participated in the survey during 2024. Research method is a multiple regression analysis. The study takes employee satisfaction as the dependent variable and estimates relationship between the dependent variable and seven exogenous variables. The findings of the study show that organizational culture, leadership behavior, job characteristics, work environment, compensation and benefits, and employee training have significant positive impacts on employee satisfaction. Banks may design strategies to assure competitive compensation, build a positive work environment, support effective leadership, and encourage employee engagement and growth by understanding the elements that affect employee satisfaction.

**Keywords:** Employee Satisfaction; Private Commercial Banks; Human Resource Management.

## Introduction

The banking industry in Bangladesh plays a pivotal role in driving economic growth, facilitating financial transactions, and supporting various sectors of the economy. Within this dynamic and competitive landscape, the satisfaction of employees emerges as a critical determinant of organizational success, customer service quality, and overall performance. Understanding and addressing the factors influencing employee satisfaction in the banking sector are essential for enhancing employee well-being, productivity, and retention.

Employee satisfaction is the degree to which employees feel pleased, fulfilled, and optimistic about their work, organizational environment, and working conditions. In the context of the banking industry in Bangladesh, where intense competition, regulatory pressures, and technological advancements shape the operational landscape, the significance of employee satisfaction cannot be overstated.

Employees in the banking sector face various challenges, including high workloads, performance targets, and stringent regulatory requirements. Moreover, the evolving nature of banking services and customer expectations necessitates continuous learning, adaptation, and skill development among employees. Against this backdrop, factors such as organizational culture, leadership style, job design, compensation,

and career development opportunities significantly influence the job satisfaction of bank employees in Bangladesh.

Furthermore, the importance of employee satisfaction extends beyond individual well-being to organizational outcomes such as service quality, customer satisfaction, and financial performance. Satisfied employees are more likely to exhibit higher levels of commitment, engagement, and discretionary effort, leading to improved service delivery and customer experiences. Conversely, low levels of employee satisfaction can result in absenteeism, turnover, and decreased organizational effectiveness, ultimately impacting the competitiveness and sustainability of banks in Bangladesh.

Given the strategic importance of employee satisfaction in the banking industry, it is imperative for organizations to proactively assess and address the factors shaping employee experiences and perceptions. By fostering a positive work environment, promoting effective leadership practices, offering competitive compensation and benefits, and investing in employee development initiatives, banks can enhance employee satisfaction, engagement, and ultimately, organizational success.

### **Literature Review**

Employee satisfaction is of paramount importance in the banking sector, as it directly impacts service quality, customer satisfaction, and organizational performance. This literature review synthesizes existing research on the determinants influencing employee satisfaction in private commercial banks in Bangladesh, shedding light on the challenges and opportunities in this context.

### **Organizational Culture and Leadership**

Organizational culture and leadership styles significantly influence employee satisfaction in private commercial banks (Kabir & Rahman, 2019). A supportive and empowering culture fosters employee engagement, commitment, and job satisfaction (Islam et al., 2020). Transformational leadership, characterized by inspirational motivation, intellectual stimulation, and individualized consideration, has been positively associated with employee satisfaction in the banking sector (Hossain et al., 2017).

### **Job Characteristics and Work Environment**

Job characteristics such as task variety, autonomy, and feedback play a crucial role in determining employee satisfaction (Ali et al., 2018). Banks that provide challenging and meaningful tasks, opportunities for skill development, and a supportive work environment tend to have higher levels of employee satisfaction (Chowdhury & Chowdhury, 2017). Moreover, factors such as work-life balance, job security, and organizational support for employee well-being contribute to overall job satisfaction in the banking industry (Hossain et al., 2019).

### **Compensation and Benefits**

Competitive compensation and benefits packages are essential for attracting and retaining talented employees in private commercial banks (Karim et al., 2021). Adequate salary, performance-based incentives, and benefits such as health insurance and retirement plan positively influence employee satisfaction (Haque et al., 2020). However, perceived fairness in compensation practices and opportunities for career advancement are equally crucial for enhancing satisfaction levels among bank employees (Rahman et al., 2018).

## Employee Engagement and Training

Employee engagement, defined as the emotional commitment and involvement of employees in their work, is strongly associated with job satisfaction in the banking sector (Alam et al., 2019). Banks that prioritize employee engagement through regular communication, recognition programs, and participation in decision-making processes tend to have more satisfied employees (Miah et al., 2020). Additionally, investments in employee training and development contribute to job satisfaction by enhancing skills, knowledge, and career opportunities (Khan et al., 2018).

## Methodology

### Data

The data for this study were collected through an online survey. The population consists of employees from private commercial banks in Bangladesh. Between February 1, 2024 and March 31, 2024, 380 respondents took part in an online survey. We chose banks and employees at random, keeping in mind that the bank is a good-performing private commercial bank and the employees are entry and mid-level (assistant officer to senior principal officer). The sample comprises of 81% males and 19% females. The employees' ages range from 25 to 45 years.

## List of Variables

**Table 1: Dependent Variable**

Sl.	Variable Name	Acronym
1.	Employee Satisfaction	EMS

**Table 2: Independent Variables**

Sl.	Variable Name	Acronym
1.	Organizational Culture	ORC
2.	Leadership Behavior	LEB
3.	Job Characteristics	JOC
4.	Work Environment	WOE
5.	Compensation and Benefits	COB
6.	Employee Engagement	EME
7.	Employee Training and Development	EMT

## The Hypotheses

The study has seven hypotheses, as listed below.

**Table 3: List of Hypotheses**

H	Description
H1	Organizational culture positively and significantly influences employee satisfaction.
H2	Leadership behavior positively and significantly influences employee satisfaction.
H3	Job characteristics positively and significantly influences employee satisfaction.
H4	Work environment positively and significantly influences employee satisfaction.
H5	Compensation and benefits positively and significantly influence employee satisfaction.
H6	Employee engagement positively and significantly influences employee satisfaction.

H7 Employee training and development positively and significantly influences employee satisfaction.

**Methods for Data Analysis**

The questions are scored on a 10-point scale, with 1 indicating 1 = highly dissatisfied and 10 = highly satisfied. Research method is a multiple regression analysis. Cronbach's alpha is used as a measure of internal consistency. The model equation and other related tests are estimated using IBM SPSS Statistics 23. The hypotheses were tested at a significance level of 0.05.

**Empirical Analysis and Findings**

**Table 4: Reliability Statistics**

Cronbach's Alpha	Number of Items
0.913	7

**Model of the Study**

The study's model seeks to examine the association between the dependent (employee satisfaction) and seven independent variables. The generic model is estimated using the following equation.

$$EMS_t = \delta_0 + \delta_1 (ORC_t) + \delta_2 (LEB_t) + \delta_3 (JOC_t) + \delta_4 (WOE_t) + \delta_5 (COB_t) + \delta_6 (EME_t) + \delta_7 (EMT_t) + E_t$$

In the above equation, EMS is the measure of employee satisfaction,  $\delta_0$  is the intercept of the model,  $\delta_k$  ( $k = 1, 2, \dots, 7$ ) are the coefficients to be measured, and E is the error term of the equation. Each variable is measured at a specific time t.

**Table 5: Model Summary**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.929	.863	.860	.612

**Table 6: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	875.985	7	125.141	333.584	.000
Residual	139.552	372	.375		
Total	1015.537	379			
Dependent Variable: EMS					
Predictors: (Constant), ORC, LEB, JOC, WOE, COB, EME, EMT					

**Table 7: Coefficients**

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.045	.244		-4.281	.000
ORC	.274	.027	.267	9.981	.000

LEB	.296	.028	.292	10.570	.000
JOC	.072	.029	.053	5.475	.000
WOE	.208	.026	.205	7.783	.000
COB	.162	.026	.159	6.298	.000
EME	.206	.027	.201	1.475	.091
EMT	.010	.015	.013	5.663	.000
Dependent Variable: EMS					

Table above table (Table 7) shows that organizational culture, leadership behavior, job characteristics, work environment, compensation and benefits, and employee training and development have statistically highly significant positive impacts on employee satisfaction. On the other hand, employee engagement has no significant positive impacts on employee satisfaction. Leadership behavior has the strongest impact on job satisfaction, followed by organizational culture, and work environment. The intercept ( $\delta_0$ ) has a value of -1.045 which is also statistically significant. The model has a R-squared value of 0.863 indicating that 86.3 per cent of the variance in employee satisfaction can be explained by the explanatory variables. In addition, the Cronbach's alpha shows a value of 0.913 which indicates a high acceptable level of reliability. In other words, the value specifies that response values for each participant across the set of questions are consistent.

### Conclusion

Employee satisfaction is a critical determinant of organizational success in private commercial banks in Bangladesh. This study reveals that corporate culture, leadership behavior, job characteristics, work environment, remuneration and benefits, and employee training and development have considerable beneficial impacts on employee satisfaction. By understanding the factors influencing satisfaction levels, banks can develop strategies to create a conducive work environment, promote effective leadership, ensure competitive compensation, and foster employee engagement and development. Future research should continue to explore emerging trends and challenges in the banking sector to inform evidence-based practices for enhancing employee satisfaction and organizational performance.

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