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**THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND
ORGANIZATIONAL COMMITMENT:
THE CASE OF MALAWI BANKING SECTOR**

MBA THESIS

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FOREWORD

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LIST OF ABBREVIATIONS

USA	:United Sates of America
NBS	:New Building Society
NBM	:National Bank of Malawi
FMB	:First Merchant Bank
RBM	:Reserve Bank of Malawi
SHRM	:Society for Human Resource Management
DCO	:Dominion Colonial Overseas
IPO	:Initial Public Offering
GDP	:Gross Domestic Product
LUANAR	:Lilongwe University of Agriculture and Natural Resources
ESOP	:Employee Stock Ownership Plan

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THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND ORGANIZATIONAL COMMITMENT: CASE OF THE MALAWI BANKING SECTOR

ABSTRACT

How important is the understanding of the principles of employee satisfaction and organizational commitment for the success of an organization? What correlation is there between the two principles? This thesis in part discusses these two fundamental questions that have proven to be one of the central elements of any human resource management team in various organizations across all economies. It is a generally recognized notion that the most important resource any organization has is its people. They are the ones that can propel it into success or sabotage it into failure. Hence, the task of ensuring maximum possible levels of employee satisfaction is imperative. Additionally, it is also a well-known fact across economies that replacing employees is not only financially costly but carries a high level of risk for the organization. Hence, maintaining a heightened level of organizational commitment is very beneficial.

Therefore, this thesis explores, through using the Malawian banking sector as a case study, the various factors that cause employee satisfaction and organizational commitment. It goes further to attempt to establish a link between the two principles in reference to already existing research on the matter. This thesis draws a line between employee satisfaction and organizational commitment as being two very distinct concepts that should be looked at separately. However, it shows the undeniable correlation that exists between them. All in accordance with previous research that has been done in a range of economies and industries.

A very common question among those interested in this subject is the issue of causation. There are efforts among researchers to find out whether employee satisfaction leads to organizational commitment or vice versa. This thesis shows and delves into the lack of consensus among researchers on the matter. It also goes further to relate the findings in relation to the Malawian banking sector and to show that in as much as the relationship between the two notions is undeniable, the issue of causation remains quite debatable and open to further study. The issue of satisfaction is discussed with factors based mainly on research by Society for Human Resource Management (SHRM) whereas the discussion on commitment is discussed primarily based on the findings of Meyer and Allen (1991) who distinguished commitment into affective, continuance and normative types of commitment.

The research was conducted through a survey that was carried out in three randomly selected commercial banks in Malawi. The sample was further narrowed down to only those employees who work in the commercial city, Blantyre. All results are presented graphically and expanded upon to offer further understanding for the interested reader and other researchers.

Keywords: *satisfaction, commitment, banking, organization, relationship*

ÇALIŞAN MEMNUNİYETİ İLE ÖRGÜTSEL BAĞLILIK ARASINDAKİ İLİŞKİ: MALAWİ BANKA SEKTÖRÜ

ÖZET

İnsan kaynakları yönetimi organizasyonlardaki yöneticilerin farklı konseptleri anlayabilmeleri ve buldukları organizasyonları başarıya ulaştırabilmeleri için çok ciddi bir role sahiptir. Çalışanların örgütler için en değerli varlık ve kaynak oldukları genelce kabul görmüş önemli bir detaydır. Bahsedilen kaynaklardan en iyi şekilde faydalanabilmek için çalışan memnuniyeti, organizasyon bağımlılığı ve belirtilen iki kavram arasındaki ilişkiyi anlayabilmek çok önemlidir. Bu araştırma İstanbul Aydın üniversitesinde yürütülmüştür ve ana amacı çalışan memnuniyeti ve bağımlılığı arasındaki ilişkiyi analiz etmektir.

Anahtar Kelimeler: *memnuniyet, bağımlılık, banka, örgüt, ilişki*



1 INTRODUCTION

1.1 Background of Research

There has been significant, even though not enough, strides taken in the research about employee satisfaction and organizational commitment. It remains a crucial issue in human resource management and the study of organisational behavior. The studies have been conducted with the aim of identifying the ways in which an employee can feel and/or become more attached to an organisation thereby increasing the level of productivity. They have also been conducted with the basis of trying to realise what contributes to organisational commitment. The importance of this phenomenon is that it is related to the success of the company as a whole and the advancement of the career of the particular employee.

Through research, a line of distinction has been drawn between organisational commitment and employee satisfaction, terms which are often wrongly used interchangeably. The latter can be described as simply the level of contentment one has with their job (Even though other researchers have asserted that it is not as simplistic as this) whereas the former, in essence, can be defined as the level of psychological attachment one feels towards the organisation (in organisational psychology).

Various scales have been devised to measure commitment and satisfaction. As the topic seems to be rather wide, researchers have also developed various perspectives of looking at commitment. Arguably the most significant research in this field has been the Meyer and Allen's model of commitment (1991). It sets itself apart as it was made up in a way to accommodate the various definitions of organisational commitment. Even though it has faced a lot of critique from the academic world about its applicability, it still remains rather vital. The details of Meyer and Allen's research will be scrutinised chapter 2.

Job satisfaction on the other hand, has been an area of interest for researchers especially for the past forty years. Attention in the research has been given so much towards figuring out the various elements of job satisfaction and the relationship between satisfaction and commitment. In the modern world it is important to take into consideration criteria such as age, gender, experience and geography when analysing job satisfaction.

The general consensus through research, as will be outlined in chapter 2, is that there is a positive correlation between satisfaction and commitment. This implies that the higher the level of satisfaction, the higher the commitment in the organisation. This is through empirical data that has been collected in various studies and from various geographical locations including the United States of America (USA) and Japan. This correlation, however, still leaves room for further study as it should be conducted in more locations and across a significant range of industries.

It should, however, be noted that appreciating the difference between satisfaction and commitment is very imperative. One of the ways to grasp the concept is to use the idea of a “calling”¹. When people regard their job as being a “calling”, the relationship to commitment is higher than to satisfaction. This means that even though they may not be very satisfied with their job, they are still committed.

Malawi has a notorious history of underpaying the small number of medical doctors that are in the country. The same fate applies to teachers in public schools. Even though no significant research paper has been published on the matter, a general observation will show that doctors, and teachers alike, are not satisfied with their jobs. However, they are some of the most committed professionals in the country as most feel that their job is a “calling”.

¹ A study conducted by the University of California about people’s perception of their job being a “calling” and their level of commitment.

All in all, organizational commitment can therefore be understood as the attachment and loyalty an individual feels towards an organization. There is a direct link between the level of attachment an individual feels towards an organization and the level of his/her productivity. Expectations would be that the higher the attachment, the higher the productivity. Individuals are more willing to learn, act as a team, offer ideas, put in extra hours and protect the interests of an organization if they feel more attached to it.

Employee satisfaction can be understood as a terminology that is used to define or highlight whether employees are contented in the work place. It should be noted that it is regarded as a factor in employee motivation and a very crucial part of management. It looks at areas such as:

- The extent to which workers understand the vision of the organization
- Interaction within the organization
- Teamwork
- Empowerment
- Communication
- Compensation

1.2 Background of Case Study

Nick-named *the warm heart of Africa*, The republic of Malawi is a landlocked country in the south Eastern part of the continent covering an area of about 118,000 km². The most important cities in the country are Blantyre, Lilongwe, Mzuzu and Zomba. Lilongwe is the capital city whereas Blantyre is regarded as the commercial capital. Traditionally, most of the business activity has been happening in the city of Blantyre although modern trends have shown a shift in dynamics as the political capital, Lilongwe, has also been showing a boom in business.

In 1776, through ‘Wealth of the Nations’, Adam Smith discussed the importance of division of labor when it comes to the advancement of a country as a whole. His theory has proven, over the years, to remain relevant in the study of Economics and the management of human resources. Interesting dynamics can be observed on the Malawian economy as far as distribution of the labor force is concerned. It should be noted that Malawi is one of the most underdeveloped economies in the world today by GDP per capita in accordance with data from the World Bank². With a GDP per capita of less than \$350 and poverty levels of way over 50%, it is categorized as being in the top 10 poorest countries list.

With such standings, it becomes very difficult for the government to properly enforce a minimum wage, to ensure that the youth are attaining proper jobs, and to curb issues of nepotism which are prevalent at an alarming rate. Due to poverty, the education standards are also failing to improve. However, there is an increasing number of people obtaining professional qualifications from the numbered institutions of higher education which are within the country and some who study abroad. A large part of the population, estimated at around 75%, is inhabited in the rural areas. Since the economy is primarily dependent on Agriculture, the sector employs about 80% of the labor force; both formally and informally with speculation that every family is involved in either commercial or subsistence farming directly or indirectly. The manufacturing Industry, 10% of which is agricultural based, employs about 10% and the remaining 10% is employed in the services sector, of which this thesis focuses its attention.

Interesting enough, the services sector contributes about 60% to the annual Gross Domestic Product (GDP) making it the most important in the development of the country as far as value addition is concerned. An analysis of the sector will show that the biggest employers are financial institutions including insurance companies, auditing companies and banks, which are the focal point of this dissertation. Each year, most of the people who graduate from Malawian universities, colleges, smaller

² The World Bank, “GDP per capita (Current US\$)”
<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?order=wbapi_data_value_2013+wbapi_data_value&sort=asc>

institutions of higher learning and indeed those who come back home after completing studies abroad, target to be employed by one of the eleven commercial banks licensed to operate in Malawi by the Reserve bank of Malawi (RBM) which is the central bank. This is so because of the attractiveness of the banking careers.

Careers in banking are generally regarded to offer better compensation and job security. Due to this, even a good number of graduates from the Lilongwe university of Agriculture and Natural Sciences (LUANAR) aim at being employed by commercial banks and indeed some of them end up getting placement. This is shifting expertise in the agricultural sector as the financial services sector keeps on harboring professionals that should otherwise be developing relevant careers in agriculture to be more beneficial to the economy. Graduates of the fields of agribusiness management, agricultural economics and even agricultural engineering can be found developing careers in banking. It can therefore be concluded that there is what the researcher terms “Intra-economy brain drain”. The attractiveness of jobs in banking has heightened nepotism. This is the reason why these graduates are able to score jobs easily with the banks and roam about the commercial capital’s Livingstonia Avenue (The Wall street of Malawi) in Blantyre city.

In addition, even graduates from the University of Malawi’s Chancellor College who majored in fields that have no relation at all with banking still manage to get jobs in banks. This interesting phenomenon has been happening for a while and it is the reality of the status quo. As far as conditions remain more or less the same, the probability of the state of affairs changing seems very subtle. As asserted above, this creates a vacuum in other fields as people who would have otherwise contributed to the development of certain areas of the economy are harbored in the financial services sector.

Needless to say, the banks therefore have a large base to choose from when recruiting people into the various positions. This exposes them to the opportunity of recruiting the very best candidates that they can possibly acquire. Even though such is the case, it does not affect the remuneration in the banks. The general expectations hold that they still pay quite highly as compared to other companies in other sectors. Three of

the major banks in the country are NBS Bank, National Bank of Malawi (NBM) and First Merchant Bank (FMB). The analysis to be laid out will have an emphasis on these three major banks.

Originally, NBS bank started off as a building society following the merger of Central Africa Building Society, Commonwealth Century Building Society and First Permanent Building Society to form the New Building society. On 14th March 2003, the bank was incorporated as a limited company and later on became registered under the banks act on 1st March 2004. Following registration, on 1st July in the same year, the New Building society was dissolved and its operations were taken over by the newly set up bank. It is most likely due to its background that the bank remains the leader in mortgage loans until today.

50.1% of the company is owned by NICO Holdings Limited which previously owned 74% in 2003 when NBS was newly privatized. 26.2% is publicly owned. Other shareholders include National Investment Trust Limited with 5.2%, International Finance Corporation with 18.1%, and Employee Share Ownership Scheme with 0.4%. The bank is currently operating with 13 branches across the country which are expected to increase in number and an additional 21 agencies. It is one of the most common banks in Malawi with its head office in the commercial capital, Blantyre. The Bank was listed on the Malawi Stock Exchange on June 25, 2007 with an objective of increasing the capital base so as to expand its operations countrywide as a major bank.

The bank is working in an economy in which the banking business is proving to be very competitive. Although the country is quite small with an estimated population of about 16 million, most of which is in rural areas, banks remain profitable. The total assets of the banking industry as of 2015 stood at a cumulative 37% of GDP showing that the banking industry is fairly developed. It is not uncommon to see employees moving from one bank to the other in search of better offers. One of the main

competitors of NBS Bank is the National Bank of Malawi (NBM) which employs about a thousand people and has total assets of an estimated over half a billion dollars³.

NBM is said to be the largest and most profitable commercial bank in the country today. It traces its origins bank to the 1890s when the African Lakes Corporation initiated banking business in Malawi which was then known as Nyasaland. NBM was however officially established in 1971 following a merger of the South African Standard Bank and Barclays Bank DCO (Dominion Colonial overseas). Standard Bank left the country later in 1996 whereas the former withdrew its investment in the country in 1982. The bank went on to issue an Initial Public Offering (IPO) on 21st August 2000 which resulted in a 3.4 times over subscription. Currently, ownership composition for NBM looks as follows:

- Press Corporation - 51.5%
- Old Mutual - 24.9%
- General Public - 21.8%
- Banks employees through its employee stock ownership plan (ESOP) - 1.8%

Observations have shown that a lot of people in general and recent graduates in particular would pick NBM as their bank of choice to work for. In order for NBS to acquire the very best of the skilled labor and indeed be able to maintain the workers' commitment once they join the organization, there is need to pay close attention to research on the subject matter of this thesis and to apply the necessary subsequent management strategies. NBS is generally ranked as the third largest bank in Malawi by size of assets. FMB, which is a close competitor, comes fourth in the rankings.

³ Recent data from 2010 shows the bank had assets of \$473 million with an annual net profit of \$23 million

FMB on the other hand, is a newer bank which also employs close to a thousand people directly countrywide through its over 40 branches and agencies. It was founded in 1995 as a joint partnership between Prima Bank of Kenya and the Anadkat family. It currently fully owns the Leasing and Finance company in Malawi and has subsidiaries in Botswana, Zambia and Mozambique. The bank issued its IPO in 2009 whereby it offered 10% of its shares to the public. The bank claims to currently hold around 11% of the market share making in a major bank in the country. As of 2015, the banks statements showed that it has total assets of over \$200 million with roughly 17% equity. The ownership composition of FMB is as follows:

- Zambezi Investment Limited – 44.94%
- Simsbury Holdings Limited – 22.47%
- Prime Bank Kenya – 11.24%
- General public – 10.11%

Committed human resources give an organization competitive advantage. An employee who is committed is in a better position to identify him/herself with the goals and objectives of the company. This in turn heightens efficiency and effectiveness thereby putting the organization in a better direction towards achieving its goals. Organizational commitment has proven to be very relevant to an organization through various studies. These studies have shown the relationship between organizational commitment and the level of effort and sacrifice an employee is willing to take, attendance of work, retention of employees and the quality of services that are delivered.

As one may expect, NBS, NBM and FMB are some the most important employers in the country as they collectively employ a lot of people from all corners of the three regions of Malawi. Due to the rapid growth of the banking sector as a whole and these thre banks in particular, they continue to remain profitable through a rough economic

atmosphere. The amount of people that they hire also keep on going up. Just like other banks in the country, they are targets of young graduates and even those who have been on the job market for a while. The three are regarded as iconic banks in the country due to their history history and customer base. In 2014 alone, for instance, NBS bank's deposits stood at MK48,314 million, an equivalent of \$113 million dollars⁴.

1.3 Statement of problem

Many organisations face the problem of how to really ensure that employees have the maximum commitment to the organisation. This is probably due to the assumption that understanding of how satisfaction is related to commitment is not enough among managers. The problem tends to be especially highlighted in weak economies. Since research has been done on the relationship between the two, there is need to apply the knowledge that has been accumulated towards ensuring that this problem is properly understood and subsequently mitigated.

1.4 Significance of the problem

It is no secret that bank jobs are sensitive in nature since a lot of money and personal information of clients is handled. Therefore, in as much as banks employ more people as jobs are constantly being created within the organisations, their human resource departments have an obligation of ensuring that they have the highest possible level of organizational commitment from their employees. NBS, FMB and NBM are of no exception in this regard. As organisations, they have the need to ensure that there is utmost organisational commitment from those that work within the banks. Instilling the spirit of organizational commitment is a phenomenon that requires proper management skills and entails how committed an organization is to advancing as a unit and the extent to which it is forward thinking.

⁴ By exchange rate of January 2014, "Exchange rates: http://www.exchangerates.org.uk/USD-MWK-29_01_2014-exchange-rate-history.html"

Organizational commitment is a fundamental element of business management that cannot be ignored by managers of any organization. High commitment reflects also on the outside of the organization as committed employees are what make an organization seem trustworthy. When the center of the organization cannot hold due to lack of commitment, it portrays hitches within the company. Clients definitely are prone to judge an organization by how it treats its workforce. The way a company treats its employees is what determines organizational commitment to a larger extent. In this regard, it is imperative to look into the problems that companies face when it comes to issues of commitment. Understanding this is an important step towards implementing strategic management skills that may enable an organization to see better commitment in the organization.

1.5 Statement of Purpose

This thesis seeks to highlight satisfaction of employees as a concept while taking into context NBS Bank, NBM and FMB as benchmarks. The choice of these bank is strategic and also random in the sense that they are part of the top five largest banks in the country but selected at random in order to paint a better picture of the status quo. They are evidently above an average Malawian bank but have all the structures in place to enable the study to have a more insightful outlook on the problem and the concepts that need to be understood. With substantial numbers of employees, presence in all regions of the country and a lot of potential for further growth, the banks carry themselves as suitable options for research concerning the banking sector.

The findings of this research should be able to offer an insight for managers and all other stakeholders (with an emphasis on the banking sector) to understand the relationship between employee satisfaction and organizational commitment. Additionally, it should also show the various ways in which an organization such as a bank can create more satisfaction within its work force as a means to ensuring commitment.

Apart from that, the paper also gives itself the task of acting as a reference point to any further study that is concerned with employee satisfaction and organizational

commitment. Bearing in mind that a workforce is the center of every organization therefore making human resource management the epicenter of the success of the company as a unit, it purposes itself with the management of the most imperative resource that an organization has, which is its arsenal of workers. It seeks to highlight that contrary to popular assertion, employee satisfaction is not only as a result of monetary incentives but rather a holistic approach to management which human resource managers need to always take heed to. Improving the management of companies such as banks is fundamental to creating better working conditions in an economy. This in turn leads to higher levels of productivity. In this essence, it can be seen that not only does it have an impact on micro-economic but also on the macroeconomic level thereby directly impacting the development of the country as a whole.

Malawi, with a GDP per capita of less than \$350 and poverty levels of over 70% is regarded as one of the ten poorest nations in the world. With such facts, it becomes very difficult for the government to properly enforce a minimum wage. This entails that even though it is challenging to secure employment, individuals will stick to a company because of the gloom on the job market but do not really possess the attachment that is necessary for the company to realize in its employees. As the economy improves and the job market starts to be more diversified and promising, organizations remain at a threat of losing valued employees. For instance, if hypothetically a new bank was to open in the country which offers remunerations with percentages a bit higher than those offered by other banks, there would be an exodus of employees to the other bank. This is due to lack of commitment. It shows that companies like NBS, NBM and FMB are exposed to a risk of losing employees if precaution is not taken on the issue of satisfaction and commitment.

Therefore, the purpose of this thesis is to ease the understanding and emphasize on the relationship between satisfaction of the workforce and organizational commitment.

1.6 Aims and objectives

The aim of this paper is to identify the relationship between employee satisfaction and organizational commitment.

The four objectives are as outlined below:

- To analyze what leads to employee satisfaction
- To explore the strengths that are a prerequisite for retention of employees
- To identify the difficulties/weaknesses that exist within organizations in regards to achieving employee satisfaction
- To identify the link between employee satisfaction and organizational commitment
- To analyze the relationship between employee satisfaction, motivation, organizational commitment and productivity.
- To explore the measures that can be taken by an organization to improve organizational commitment

2 LITERATURE REVIEW

This chapter delves into various literatures and research concerning Commitment vis-à-vis organizations, as a separate entity and satisfaction as another separate entity. After discussing the two topics, it finally looks into how a link is established between organizational commitment and employee satisfaction based on the reviewed literature and research.

2.1 Commitment

To properly understand the relationship between employee satisfaction and organizational commitment, there is need to look at the two entities as being distinct and as separate from each other as they have been treated throughout the years of sociological research, vis a vis human and organizational behavior. Various stakeholders (that is, managers and those involved in human resource management), are prone to use the terms wrongly interchangeably and this can be disastrous to the effort of trying to define the relation that exists between the two. As it will be depicted, the concepts have been studied separately and their understanding as being unlike paves the way to better understanding of the concepts and consequently establishing link between them.

It has been asserted, that by the 60's, the concept of organizational commitment had already been widely used but received very little if any formal analysis (Becker, 1960). This means that in as much as managers and academicians used the term to define elements of work-place behavior, they mostly looked at its definition and application as a matter of common sense and substantial empirical research was not conducted to properly appreciate how wide the concept is. Becker continued to assert that the concept was widely used by sociologists to account for, but not limited to, individual

behavior, power, religion, political behavior of individuals and groups, and most importantly, occupational recruitment.

The reason for the concept not being properly integrated was said by Becker to be its regard and treatment as primitive phenomenon that had no real basis in academic research. However, over the years this has proved not to be the case as it has increasingly become of much importance in the academic world and its understanding much sort after by managers of organizations. Various researchers have done research in different places (United States of America, Bahrain, Nigeria, Ghana, etc.) and sectors (Especially Banking and Health) over the last several decades.

In his insistence that the term has been extensively used to express numerous ideas, he indicated that it is largely fruitless to try and speculate on the “real” meaning of the concept. However, as far as organizational behavior is concerned, it can be seen as the feeling of attachment that an individual feels towards an organization. A word commonly used by Becker was “consistency”. It was said that at the center of commitment was consistency in the line of activity. Therefore, a committed employee is the one who is steady in the pursuit of achieving the goal of the organization – Engaging in a constant line of activity.

An employee has to identify fully with the goal of the organization to the extent of thinking of it as his own and disregarding all other externalities. His/her commitment has to be directed to one focal point and not be distorted. An interesting example has been given by Howe and Coser in the following quote:

“The Stalinist did not commit himself the use of Marxism; he committed himself to the claims of the party that it ‘possessed’ Marxism.”

From the above quote, one can see commitment has no externalities. You commit yourself and trust the goal of the organization you are linked to no matter what lies outside it even if it means the original source of the goal is outside your organization. For example, an employee working for the Ministry of Finance should be committed to the goals of the ministry alone oblivious to the fact that the ministry has its goals attached to the goals of the central government.

Commitment can also be observed in the manner in which people settle for a career in a limited field and are very much unwilling to change. It has also been said that the fact that an employee is committed does not mean that they have to perform one specific activity throughout their time at an organization. The employee should, and normally will, always be willing to perform different activities which he/she regards as contributing to the same goal. The committed person also rejects likely alternatives. This is where the principle of employee retention, which has also been an element linked to commitment, comes into play. It shows that in the presence of other (most of the times better) alternatives, a committed employee will stick to his organization and view the alternatives from the perspective of the organization as a whole; that is being mere competition.

Arguably the most prevalent research on organizational commitment in modern times has been conducted by Meyer and Allen (1991). It was noted in the literature that coming up with an all-inclusive and general definition of organizational commitment has been a task that has proved fruitless; in agreement with Becker (1960).

Meyer and Allen argued that commitment should be viewed as having three separable components that will help to understand it in a more enlightening manner as follows:

2.1.1 Affective commitment

This was discussed as commitment which has to do with desire. An employee with affective commitment will identify themselves fully with the goal and objectives of the organization and will possess a genuine desire to stay with the organization and a feeling of attachment. The employee will feel at home within the organization and will, in most cases, view the organization as a family to which he belongs.

The importance of entrepreneurship continues to be emphasized by various stakeholders as a tool to the sustainable development of Malawi as a nation. Currently there is a good number of people in the country who are having their shot at entrepreneurship. It is not surprising that the probability of a fresh college graduate wanting to start their own business in the country is very high. This can partly be

attributed to the tough conditions currently facing the job market. Affective commitment can be expected and definitely observed in companies set up by entrepreneurs, especially where venture capital was not involved.

Setting up your own business requires a certain level of dedication and resilience. This is what causes affective commitment among the people who originally started the company, regardless of current ownership dynamics. Thus they feel an emotional attachment of belonging and would normally choose to stick with the company even though alternatives may be financially more attractive. Conclusively, affective commitment is when an individual stays with an organization because they personally want to do so.

2.1.2 Continuance commitment

This defines the situation whereby an employee stays with an organization because they need to stay. In this case it means the employee is looking at the opportunity cost of leaving an organization. For instance, in economies where the level of unemployment is high and the duration of frictional unemployment is so high, employees will be less willing to leave their current job as they fear about the amount of time it will take them to get placement again. Even if they have already found an alternative, they will hesitate to leave their current job.

Commitment has also been described as employee's "consistent line of activity" (Becker, 1960). This means attachment can occur as employees fulfil this need for a continued line of activity. Additionally, continuance commitment is also discussed in various literature as being associated to cost. Kanter (1968), for instance, in talking about 'cognitive-continuance commitment' asserted that it occurs when "*there is a 'profit' associated with continued participation and a 'cost' associated with leaving.*"(p.504).

Expanding on that, taking as an example an employee who works for a bank and has acquired a loan for a car, house or further education. He/she will automatically be faced with continuance commitment as the cost of leaving is not worth it. An employee who

sees the potential of being eligible for a big loan a year down the line will also be committed to the organization as the profit of staying is rather high. Stebbins (1970) discussed continuance commitment as being “*the awareness of the impossibility of choosing a different social identity.....because of the immense penalties involved in making a switch*” (p. 79). This again addresses the principle of opportunity cost as discussed above.

2.1.3 Normative Commitment

Meyer and Allen related that Marsh and Mannari (1977), in a discussion about normative commitment wrote that an employee with a lifetime commitment can be regarded as the one who “*Considers it morally right to stay in the company, regardless of how much status enhancement or satisfaction the firm gives him/her over the years*” (p. 59). It was also affirmed in the literature that this type of commitment is the least common of the three but equally imperative to be understood. Normative commitment is concerned with how an employee stays with an organization simply because they feel an obligation to do so. Apart from the sense of obligation, it can also be said that this is defined as a situation where an employee stays with an organization because they support the ideology attached to it. Take for instance a Malawian politician that belongs to the United Democratic Front (UDF) which is, at the moment, not holding executive power and with a low representation in the Parliament house. On the other hand we have the Democratic Progressive Party (DPP) which is in power and has a majority in parliament.

There are prominent politicians who insist on staying with the UDF even though they may have tempting chances of being elected into very high office at the decision of joining the ruling DPP. The same can apply to companies. This kind of commitment is what is termed normative commitment. If the reason for staying is because the particular politician helped in the building of the UDF, then it becomes either affective or continuance commitment. In the former case, that is normative commitment, the politician, if she/he is an elected representative, will stick to the UDF because of a

feeling that she/he holds an obligation at the hands of the people who elected them into power and those who supported the campaign.

2.1.4 Significance of understanding Meyer and Allen's Model

It has thus been observed that there is a lack of consensus when it comes to pointing out a construct definition of commitment (Meyer, Allen: 1991). This is why it can be helpful, in an effort to understanding commitment, to look at commitment from the perspective of the model by Meyer and Allen, thus in the three categories described above. Other researchers including Mowday (1979) also acknowledged this distinction. Understanding the three dimensions of commitment as described by Meyer and Allen can enable companies and their human resource departments properly point out which part of commitment they are working at and allow strategic management to properly take course. For instance, a manager aware of the variations can be able to decide if they want to improve normative or continuance commitment or vice versa. The realization that the two dimensions may require different approaches would definitely help in planning the course of action.

Organizational commitment is a mind-state or psychological state (Mowday, 1979). Researchers can use this understanding to look at the background of the topic and aid in further research about organizational behavior which is imperative to the success of the company and ensuring a good employee turnover⁵, ensuring that they are making the most out of the employees that they have and aiding in the advancement of the company as a whole. All this may entail, according to Mowday, the following:

- Acceptance of organizational values
- Willingness to exert effort
- Desire to maintain member in the organization

⁵ The rate, as a percentage, at which employees leave an organization and are replaced by new ones.

All the above constitute to commitment. It should also be noted that one form of commitment can lead to another. O'reilly and Caldwell (1981) said merely choosing to work for an organization can lead to the intention to stay (Desire/affective commitment). This can later be transformed to normative and continuance commitment. They also mentioned "a better attitude" as being part of commitment

Going back to the words of Becker (1960):

"Commitment is the disposition to engage in a consistent line of activity"

Above all this, it can be seen that the consistency seemed to have been emphasized throughout previous research. However, it should be noted that this does not mean the employee need to perform the same activities throughout his/her career to show commitment. It means he/she should perform different relevant activities with a consistent enthusiasm towards achieving the goals of the organization that he/she identifies him/herself with.

2.2 Satisfaction

This section will later discuss the factors that contribute to job satisfaction. However before delving into that, it is quite vital to properly comprehend what is meant by employee satisfaction and to look into various research and literature that has proved to be important for current and future research in the field.

Various research has defined satisfaction in different way. In this regard we will focus on satisfaction in relation to employees/jobs. Happock (1935) described employee satisfaction as a blend of psychological, physiological and environmental circumstances that lead to a person saying "I am satisfied with my job". One may argue that this definition is narrow and lacks essence as it does not really put into the limelight what it means by saying "I am satisfied with my job". However, from a little application of common sense, it can be appreciated that Happock noted that it's not only psychological but also physiological and environmental factors that lead to satisfaction. All this factors are important to be taken into consideration when measuring the level of satisfaction.

“A collection of feelings and beliefs that people have about their current job” is how George and Jones (2008) described employee satisfaction. Employee satisfaction can thus be measured. Traditionally, this has been done through rolling out surveys within organizations and asking employees a series of questions that determine the level of their satisfaction. When most people hear about satisfaction, the initial thought is remuneration but this paper will also show how this is not the main factor that determines how fulfilled one is with their job.

Jobs have various characteristics that are taken into account in this regard. Employee satisfaction, in a rather more sensible definition by Robbins and Judge (2008) was said to be positive feelings about the job resulting from these characteristics. The word “positive” here has to be emphasized. There is an absolute need to know the distinction between positive feelings and negative feelings. The positive feelings can arise from the current situation or from anticipation about the direction of the job one is undertaking. Even if the current situation may not be that favorable, it would not be surprising to find an employee registering high satisfaction due to the prospects that the job gives them. In a normal situation in this regard, it can be concluded that satisfaction starts to be achieved when the positive characteristics equal the negative ones to strike a balance or indeed outweigh them.

Nelson and Quick (2009) also supported Robbins and Judge’s view of satisfaction in their research and defined satisfaction in the following way:

“Pleasurable or positive emotional state resulting from approval of one’s job or job experience.”

Therefore, it can be noted that pleasure is derived from satisfaction as an employee. Maslow (1943), in his famous hierarchy of needs discussed five characteristics that can also be applied to the satisfaction of an employee from a psychological point of view as will be outlined below.

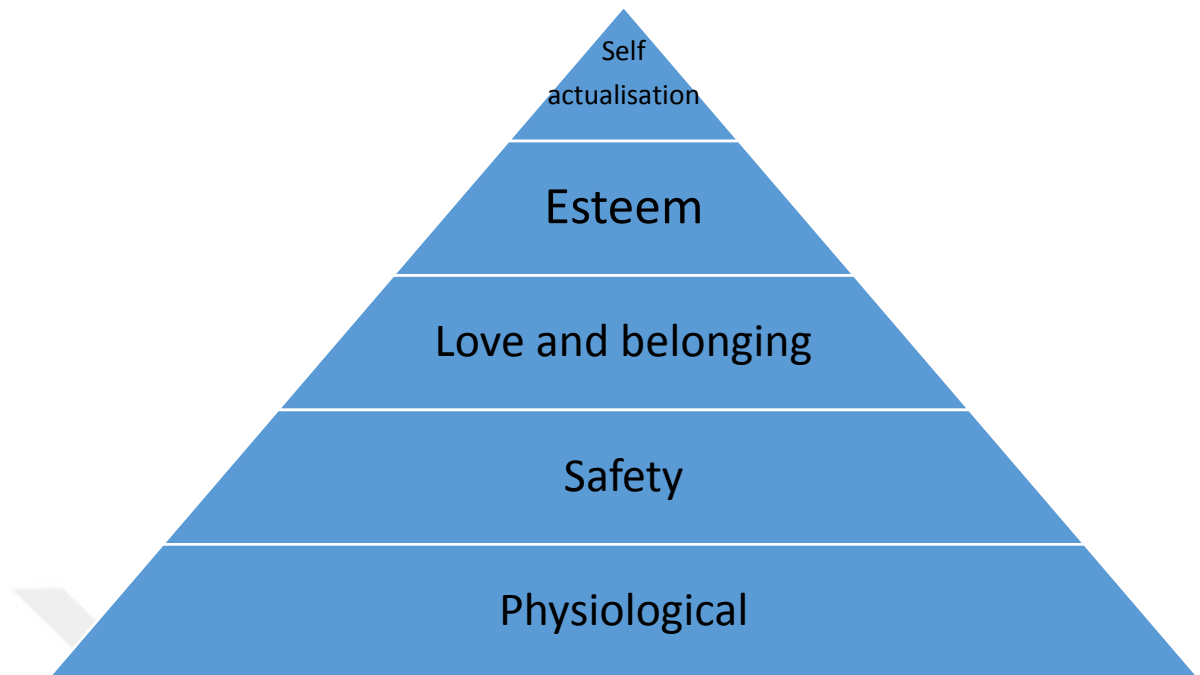


Figure 2.1 :Maslow's hierachy of needs

Physiological needs, as discussed by Maslow, are the basic needs for every individual. Among these needs are food and shelter. For an employee to feel content with their job, it needs to be able to deliver some of the basic needs like the two mentioned. Failure to which can be detrimental and cause other characteristics to be irrelevant. An employee cannot be content with a job that is not able to at least provide a roof above his/her head and some food on the table. This is why governments take it upon themselves to enforce a minimum wage so as to make sure that employment at least meets the minimum physiological needs of the individual.

Achieving safety needs, in this regard to be discussed as job security, is significant to employee satisfaction. No worker wants to work in an environment whereby they are not sure if they will still have a job the next day. This is why companies sign contracts with their employees. Working for a company that seems to be sinking and its hopes for the future are bleak can be a factor leading to the dissatisfaction of the employee. On the contrary, a company that seems to be booming portrays lower chances of laying off employees (unless in special circumstances). Stability is very important of the

organization is therefore very important as it safeguards the satisfaction of the employees as far as job security goes.

Third on the pyramid is the feeling of belonging. This can be viewed in relation to the concept of the employee feeling like they are part of a larger family in the organization. To have a feeling of belonging, the employee needs to have a good relationship with his/her immediate bosses and also feel that their input is regarded as significant by the top management. Employees who feel sidelined may probably feel out of place and hence lead to lower satisfaction. A sense of belonging will also pave way to the employee entirely identifying himself/herself with the goals of the organization and feeling both desire and obligation to stay and contribute to the advancement of the organization. All this is tantamount to satisfaction.

Esteem needs can also equally be used to look into the issue of satisfaction. Every employee in an organization will feel satisfied if their efforts are being recognized and rightly rewarded by superiors and fellow employees. This boosts the self-esteem of an employee thereby elevating him/her to a position whereby he/she starts to feel satisfied with the job. It is not uncommon to see companies awarding the “Employee of the month/year, etc.” All this is done in an effort to boost the esteem needs of the employee and psychologically place them in a spot that is conducive for appreciating the job and feeling satisfaction. Therefore, an organization needs to take care of the esteem needs of employees, failure of which may result into lower satisfaction levels which can be detrimental to productivity and subsequently affecting the overall performance of the organization.

At the peak of Maslow’s (1943) hierarchy is self-actualization. This is unarguably a very vital characteristic that needs not to be ignored when it comes to employee satisfaction. When an employee feels satisfied that the job is providing the basic physiological needs, belonging needs and esteem needs, what comes next is personal growth, which is, as Maslow discussed, self-actualization. Employees need to grow in their respective careers. Maslow, much the same as other researchers and authors on psychology and human behavior recognized that human nature has an inclination for growth. If an employee feels that their career is static and lacks direction and growth,

they will feel demotivated and hence dissatisfied with their job. Various organizations, Malawian banks inclusive, usually set up training centers that offer career growth opportunities for their employees. Other organizations are also known to offer educational grants or loans for career development all in an effort to enhance self-actualization of their employees.

As each person is unique, the motivation for self-actualization leads people in different directions (Kenrick et al., 2010). This is why different people who have gone to the same medical or engineering school end up majoring in different fields. An employee needs to be given the flexibility to advance his/her career along a path they personally feel will enable them to utilise their skills and explore their interests. This will also lead to employee satisfaction with their job. It has thus been seen that Maslow's study can also be imperative in understanding the concept of satisfaction especially when applied to human resources. The Physiological, belonging, esteem and self-actualization characteristics are all important elements which put together can contribute to the understanding of employee satisfaction as they tackle human needs from the core of psychological study.

Freeman (1978) and Hamermesh (1977) recognised that employees' personal characteristics affect satisfaction. Additionally, they were at par with the notion that job characteristics also affect satisfaction. In the former concept, it is appreciated that in order to be satisfied with a job that one is currently undertaking, personal characteristics are also at play. They are some people who are more prone to be satisfied and some who are just not, *ceteris paribus*. Bearing in mind that people are different, the personal characteristics that can affect job satisfaction can be sex, age group, personal beliefs (religious or otherwise), background and level of education, to mention but a few. On the latter, research has showed, as earlier discussed that characteristics of the job are also imperative to employee satisfaction.

Shane, Batta and Seaman (1995), on personal characteristics, wrote that observations have shown that employees with higher education are more likely to suffer educational mismatch. Therefore, it was concluded that – the higher the education, the lesser the satisfaction. This conclusion is based on the idea of educational mismatch. People who

are highly educated are very concerned about utilising the skills they spent so much time learning and are easily put off by the realities of the job market and hence end up feeling dissatisfied. However, This assertion has not been looked at favourably by some researchers. Idson (1990), for instance, disagrees and states that there is no link between the level of education and the level of satisfaction. He claims the assertion has not real basis and not enough research to back it up with empirical raw data.

Comm and Mathaisel (2000) wrote that “job satisfaction is influenced by the level of pay and performance, employee benefits, training, recruiting, learning curve inefficiencies, reduction in the client base, job design, life satisfaction, autonomy, growth satisfaction, satisfaction with co-workers, satisfaction with supervisors and customer satisfaction”. Additionally , job satisfaction has been seen as a cognitive and affective appraisal of a job that is seen as a paradigm conceptualized in terms of beliefs and feelings regarding one’s job as discussed by Fassina, Jones & Uggerslev, (2008). Common sense will hold on the issue level of pay as discussed above. As has also been previously discussed, the level of pay is very important when it comes to employee satisfaction. It is very seldom for an employee who is getting a pay that is lower than the industry standard to have a high level of satisfaction. In this case, that particula employee will be looking for other opportunities in the industry that will offer a more reasonable compensation.

Perfomance was also mentioned to be a very vital characteristics. For one to be satisfied with the work that they are doing, they need to feel that they are performnig in accordance with teir skills and to the best of their ability. Personally, they need to feel a certain level of efficiency and effectiveness. This will give them the necessary morale to continue being dedicated and satisfied with their work. An example that can be given here is that of a teacher. Imagining a teacher of English whose job is to train students who plan to undertake IELTS or TOEFL exams to enter university, he/she will definitely be very concerned about the performance of the students in the exams. In a situation where most of the students are doing exceptionally well by acquiring desired results, the teacher will feel satisfied with the work and will be motivated.

However in a reverse situation where the students are not doing well, the teacher will feel dissatisfied with the work that is being done. In this regards, it points out that research has indicated that employees need to be placed and assigned duties whereby they can perform the most. It is therefore the duty of human resource department or indeed whoever is responsible for placement in the company that the employees are placed in a good position to exploit all their skills and get the most out of it. In so doing, the employee will efficiently and effectively perform tasks that are desirable. Not only does this give a sense of satisfaction to the employee, but it also helps the whole organization as a whole to be more successful. It reduces waste of talent or misuse of skills and promotes creativity, growth and good relations between employees and management. This works well in a situations whereby the management has a flexible approach on the employees. However, some researchers have also concluded that the relationship between satisfaction and performance is trivial. Organ (1988) does not hold the opinion that satisfaction affects performance or vice versa and faults previous research for using means of research that were narrow in such and failed to give constructive conclusions.

Employee benefits, apart from the regular salary that is received, also play a very important role in satisfaction as discussed by Comm and Mathaisel (2000). In most economies, a salary alone is not enough to keep employees fully satisfied. It has to be accompanied by sound economic surroundings, a good social welfare system and benefits. Companies are expected to offer various benefits to their employees as a means of motivating them to stay and also as a way of keeping them satisfied. There are various benefits that can be rolled out according to the decision of management. The most common one can be loans which are given to the employees for various reasons like housing, vehicle acquisition and/or education. Companies also offer bonuses to their employees at the end of the financial year to award them for their performance.

Management can also choose, instead of giving loans, to give its employees housing and vehicles as benefits. Other employees also enjoy free telephone connections, paid vacations and other benefits. The more the benefits an employee receives, the higher

the satisfaction. Organizations that do not offer benefits can find it relatively challenging to compete against organizations that do in the issue of employee satisfaction. Therefore, organizations that offer less benefits can be expected to have higher employee turnover than others. A disclaimer here is that the issue of turnover is not always the case and is subject and highly dependent on other variables.

Take for instance Google, which has repeatedly been ranked as the best company to work for in the world.⁶ As expected, Google offers a very good work environment especially at Googleplex, its corporate headquarters. There it offers a lot of benefits for its employees both within and without the premises. On the premises, it offers a lot of benefits like free food, resting rooms, facilities such as fitness center, massage parols, laundry and a lot other things to make the employees feel at home. Google provides vehicles, competitive salaries and a lot other benefits to its employees that not many organizations can live up to. However, it has been observed and reported that even though this is the case, the employee turnover at the company is very high. A lot of employees at Google barely last a year⁷. This just goes to show that (a) benefits alone do not lead to satisfaction and (b) the relationship between employee satisfaction and turnover or retention is not always positive.

Another thing worth mentioning is customer satisfaction as a variable for employee satisfaction. This can be understood by closely relating it to the performance variable discussed above. One of the ways to judge performance of the employee is by measuring the satisfaction of the customer. Satisfied customers are proof of good performance by employees that deal with them. This in turn reflects on the whole organization. If performance of the employee is good, by the same token we can conclude that the employee will have higher satisfaction. Companies that have employees dealing first hand with clients can be very helpful in helping analyze this variable. Take for instance a supermarket or a bank. The former has cashiers while the latter has tellers. Both these employees deal with customers first hand and the level of satisfaction of the customer can somehow show the level of satisfaction of employees.

⁶ Insert link from Forbes magazine

⁷ Insert info about these claims

Since research has shown that customer satisfaction reflects employee satisfaction, this phenomenon can be very crucial in measuring employee satisfaction.

Further, it has also been discussed that training can be a very important variable in measuring employee satisfaction. As seen earlier, the level of education does affect satisfaction. There is no consensus on how it affects it (whether positively or negatively) but the bottom line that is not disputed is that it affects satisfaction. However, training which is provided by the employee to its employees can affect satisfaction in a positive way. A bank worker who is provided with training on how to be more efficient, effective and productive will subsequently be able to improve his performance in the work place. Once performance is improved, the employee stands a better chance of being more satisfied with his/her job.

The Society for Human Resource Management (SHRM), which is arguably the largest human resource association in the world carries out work as a lobbying body and as a research and education center on matters concerning the field. It has its headquarters in Alexandria, Virginia, United States of America and has been active since 1948. Today it has over 250 staff members and over 275, 000 members in over 140 countries⁸. Through its various research programs, the association also conducted a survey on factors that affect employee satisfaction. The survey indicated interesting dynamics on the job market and allowed for the creation of a benchmark when it comes to measuring employee satisfaction. Through the survey, the top five factors that lead to job satisfaction were able to be determined. Therefore, the results of this survey can be used to measure job satisfaction in various organizations as it will be further outlined in the case study. The top five factors, in ascending order are expanded below.

The fifth factor is *a good relationship between immediate supervisors and the employee*. Of the respondents of the Survey, 54% listed this factor as being fundamental to satisfaction of the employee further emphasizing what has been discussed above. Employees need to feel that they can relate with their immediate superiors in a good way. This will help them seek guidance and improve performance.

⁸ "About SHRM". SHRM.org. Retrieved 25 November 2013.
<<https://www.shrm.org/about/pressroom/pressreleases/pages/2013stateofsociety.aspx>>

It will reduce complaints and will encourage the feeling of belonging. It all comes down to how the immediate superiors choose to relate with their subordinates. Supervisors who tend to have a hard approach on their subordinates usually end up making the relationship between the two sore. When the relationship is bad, it ends up reducing the satisfaction of the employees as they may be thinking of changing their job as a result.

Forth on the ranking was *good communication between employees and management*. In as much as a good relationship between the employees and their immediate supervisor is imperative, employees need to feel that their voice gets through to the top management of the company. The immediate supervisors have a task of bridging this communications gap. Being able to be heard by management gives employees a sense of belonging as they will be under the light that their opinion is heard and acted upon by the management. It will convince them that the organization has their well-being set as a priority. Failure to do so leads to low satisfaction. This is the reason workers unions are set up. A good 57% of the respondents to the survey held the idea that this factor is very crucial for their satisfaction.

Third on the ranking, with 60% of the respondents saying this is essential for satisfaction is *compensation*. Some would expect this to be the number one factor that contributes to satisfaction but as discussed earlier, it has been shown through various research that such is not the case. Even though it is a key factor, it is not the most important. However, it has been proven to be very important. Compensation, as shown through the application of Maslow's theory of needs, enables the employee to fulfil part of the physiological needs which are significant for achieving a good level of satisfaction. Employees need to be compensated fairly. For a particular set of skills, level of education and experience, employees will feel less satisfaction with their job if they are getting a salary, or indeed other benefits, that are lower than the industry average. Therefore, the issue of remuneration should be treated with considerable significance.

Job security came second on the ranking. In five previous studies it had been ranked as the number one since 2002. What good is good compensation if you do not know

whether you will have a job tomorrow or not? In line with Maslow (1943), security has been shown to very important for the employees. Above many factors, an employee needs not to feel at a threat when he/she is at her job as this can lead to low satisfaction. Realizing that all employees need to feel secure with their job will help management improve on this matter and in turn help employees feel more satisfied. Additionally, with job security, workers are prone to be more innovative and think of novel ideas that in turn heighten the competitiveness of their organizations⁹. They will focus more of identifying themselves with the goals of the company.

The number one factor according to the study By SHRM was *ability to use skills and abilities*. This issue goes back to the previously discussed issue of performance. 68% of the respondents to the survey admitted that this factor is vital in the quest for an employee to realize satisfaction with their job. It comes as no surprise that the happiest people are those that do what they love and/or love what they do. It is not uncommon to find a person who is happy earning little but doing what they are skilled in the most. Such a person is able to perform better and hence be more satisfied with the output. It is thus important, when recruiting people into the company, to ensure that they are placed in a position wherein they will be able to apply their skills or given a chance to utilize their abilities. This will in turn also make the company be more competitive. A person who has extensive knowledge and abilities in human resource management will most likely not be very satisfied given a clerical job in a bank even if the compensation in that position was significantly higher. They would somehow feel like their abilities

⁹ "Job security makes for better workers" 2013, Cheung Wing Kwan, Chai Wan

<http://www.scmp.com/comment/letters/article/1214196/job-security-makes-better-workers>

are being put to a waste. This is the reason giving the right job to the right people is a matter to be treated with caution.

In further research on satisfaction, Saari and Judge (2004) agreed that the most focal employee attitude is satisfaction. This confirms the importance of understanding satisfaction for the advancement of any organization. The research, apart from the discussed factors of employee satisfaction also explored dispositional influence as a cause of employee satisfaction. According to this phenomenon, it is asserted that psychologically there are some intrinsic human values that cause a person to either be satisfied or dissatisfied with their job. It recognizes that apart from all the discussed factors being fulfilled, satisfaction also comes down to the individual. Some people are easily satisfied while some are hardly satisfied, *ceteris paribus*.

Staw and Ross (1985) observed in their research the stability of satisfaction scores in an individual over time even after the job is changed. According to this claim, it is difficult for an individual to be satisfied in another job if their level of satisfaction in the current one is also low. In concurrence with this assertion, Staw, Bell and Clausen (1986) observed that childhood temperament was statistically related to adult job satisfaction up to 40 years later. Therefore, this claim leans towards the conclusion that the ability to be satisfied with a particular job may also be rooted deep in the particular person's personality and/or character. Adding on to this, Arvey, Bouchard, Segal and Abraham (1989) observed that job satisfaction score in identical twins reared apart is similar throughout their lives. This goes further to give weight to the claim of satisfaction having an inherent characteristic.

It should however be noted that the above assertions are subject to big debate and have been largely criticized by a lot of researchers throughout the years. Davis-Blake and Pfeffer (1989) strongly opposed these views claiming that the research was narrow and lacked substantive data to enable the statements to possibly carry any weight. Accepting these claims would render the attempt to improve satisfaction in employees largely futile. It would, at least to a considerable extent, discredit research in employee satisfaction improvement. It would make it very difficult for managers to accept the fact they can influence the satisfaction levels of each of their employees. On the other

hand, it would somehow show managers that in the presence of all measure that would heighten satisfaction to a high level, there are some employees that would simply never be satisfied with their job regardless of the conditions.

Judge and Bono (2001); Judge, Locke, Durham and Kluger (1998), said that Core-Self Evaluation (CSE) correlates to job satisfaction. CSE, from a management perspective, is defined as *the fundamental appraisals individuals make about their self-worth and capabilities*¹⁰. The concept deals with personal traits like self-esteem and self-efficacy. Understanding of the concept aids in performance management within an organization. The unanimous conclusion from the researchers was that indeed there lies a relationship between disposition or personality and job satisfaction.

Further to the research on the issue, apart from disposition, it has also been discussed that perhaps the most notable thing that influences satisfaction is intrinsic job characteristics (nature of the job). This is regarded as a situational influence. This creates a perspective of looking at factors affecting employee satisfaction in two dimensions namely situational and dispositional. The former being circumstantial and the latter being intrinsically personal. It would therefore be noted that managers pay more attention to situational influences rather than dispositional and common sense would hold that they are in a better position to alter situational rather than dispositional influences.

The perspective of employees and managers when it comes to satisfaction has also been shown to vary. Kovach (1995), discussed the perspective of pay in the eyes of employees and managers. It was shown that managers regard pay with more importance than employees. The research concluded that most manager place pay as a number one factor out of five that influences employee satisfaction. On the contrary, most employees placed pay as number five out of five factors that influence satisfaction.

¹⁰ Russell E Johnson, Michigan State University "Journal of Management" <
<http://jom.sagepub.com/content/38/1/81.abstract> >

The subject of life satisfaction is also important to be understood as it relates closely to job satisfaction. Research has shown that the two are indeed related but there has been no consensus about which one is a condition for which. Researchers have discussed the dimensions of this relation as being the following:

a. Spillover: This denotes a condition which satisfaction in one area causes satisfaction in the other. For instance, one's level of life satisfaction can influence them to be satisfied with their job. The reverse can also happen whereby satisfaction with one's job can cause them to have higher life satisfaction.

b. Segmentation: This indicates that's the two concepts are independent of each other and should be looked at separately.

c. Compensation: This suggests that if one is not satisfied with their life, they may compensate by trying to be satisfied with their work. It suggests that those people that burry themselves in work have a lower life satisfaction level. The opposite can also be true where lower satisfaction with one's job translates to trying to compensate with other areas of life.

2.2.1 Other factors that affect satisfaction

As has been seen, satisfaction can be affected by other factors as well. An in depth analysis of these factors is important in comprehending satisfaction in its entirety. Sageer et al. (2012) discussed satisfaction and factors that contribute to it and also related its link to motivation and organizational commitment. Among one of the issues emphasized in the publication was that of wage increment. It was linked to both job satisfaction and also stated as a factor for motivation. Together, these factors were also linked to organizational commitment in agreement with research by Hill, Wiens-Tuers (2002). The issue of wages, as mentioned, is generally thought to be the corner stone of employee satisfaction. However, research has shown that it is more inclined towards being a motivational factor. It encourages workers to do extra work and to curb laziness. It gives the workers the sense that what they are getting is worth their time. Compensation generally has to be in line with the industry average in order to ensure that the work force in comfortable.

Bearing in mind that compensation is on its own can do little to satisfy the average employee in an organization, other factors are usually seen as being also very fundamental on top of compensation. One of these factors, as discussed by Woodruffe (2000), through the principle of continuous organizational learning is training and skills development. Employees need to continuously develop their skills in order to keep up with the ever changing working environment in this technological age. They need to be trained in various areas even the ones that are paid less mind to like corporate communication, dressing and/or etiquette. The training should not be limited to things that are directly related to the type of job that one is doing in the organization. Employees need to be given a sense that even if they were to leave the company, they would have learnt some new skills that they can apply even in their own personal ventures in the future.

Smith (1776), in discussing about the division of labor, mentioned about a worker being attached to one specific task. This theory only looked at effectiveness but failed to consider the satisfaction of the worker. Evidently, it can be expected, especially in the modern world that one would find a routine job very boring and not bringing enough satisfaction. The human mind is programmed to always want to explore new things. Therefore, training and skills development can compensate for this. Not only should the employee acquire skills related to the tasks assigned to him but rather he/she can also learn various skills that are related to similar jobs and the organization at large. It is not uncommon to see banks hiring someone to talk to employees about issues pertaining to dressing and/or grooming. This allows the employee to receive training that is not only fun but also useful.

Champion-Hughes (2001) discussed that there is need for a holistic approach that targets the development of a certain quality of employment life. This principle also covers wages but also goes further to include benefits, career development programs and other factors. It emphasizes that the holistic approach supports the facilitation of motivation and job satisfaction which are both factors targeted at organization commitment. It is therefore imperative to an organization to adopt a holistic approach towards improving the employment life of its workers. It should however be noted that

even though there are certain guidelines, it is vital for an organization to tailor its policies to suit the environment in the organization. This leads to the point that human resource departments need to ensure that they learn their employees and understand their needs. This is important because employees can vary according to culture, level of education, gender and age group. These are criteria that are important to consider when setting up policy that is aimed at improving the employment life.

Another important factor that is often overlooked is that of organizational development. Employees want to feel like they are part of a successful and advancing organization hence the development of the organization as a whole contributed to the satisfaction of individual employees. This is why it is important to update employees on the strides taken by the organization and allow them to take the credit as contributors to this success as they are indeed, as the principle of human capital holds, at the center of the organization as being the most important resource. The issue of dispositional and situational condition that affect satisfaction has also been discussed by Sageer et al. (2012). The former has been termed *personal variables* and the latter *organizational variables*. The organization has better chances trying to target these organizational variables that affect level of satisfaction. Examples of these variables are shown in the figure below.

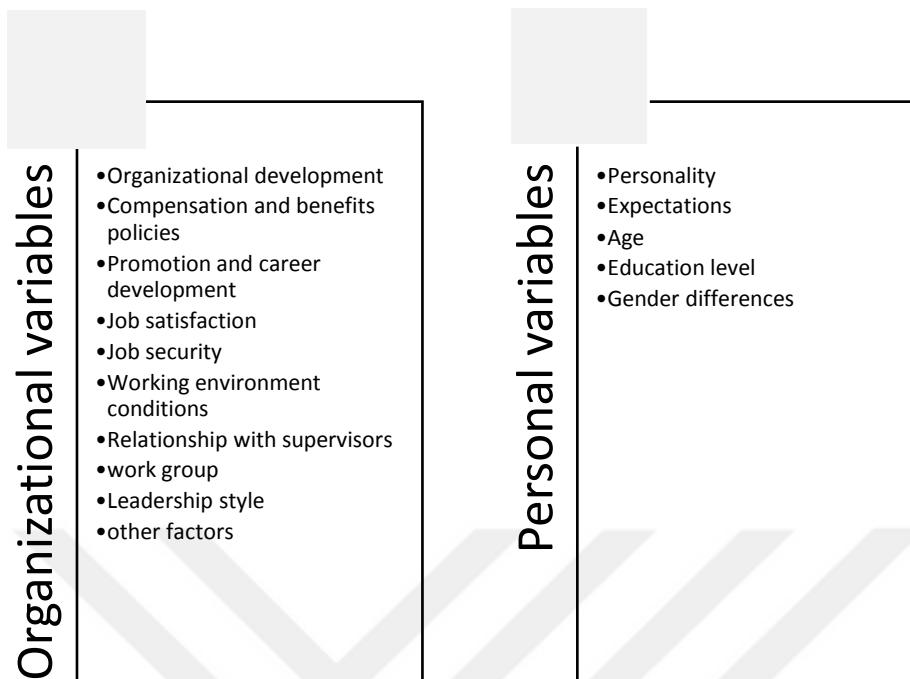


figure 2.2: Personal and organizational variables

As can and should be observed from the table above, one of the organizational variables that determine employee satisfaction is job satisfaction. Employee satisfaction is therefore regarded as a holistic term that looks at how much the employee is satisfied with belonging to the organization as a whole. Job satisfaction is a more specific introspective look into how the employee is satisfied with the current tasks and responsibilities that are assigned to him/her. It is very possible for an employee to be satisfied with the job (that it falls within his/her accumulated skill set, provides the necessary mental satisfaction and environment for creativity and maximum performance and so on) but to not be satisfied with being an employee of the company. This can also be related to the personal variables.

Take for instance an individual who has grown up wanting to work for the largest bank in the country. This is his personal ambition. Perhaps because they feel it will give them a better status in the society to be able to say they work for the largest bank in the country. If the individual does the same job in a smaller bank, they will be satisfied with the job they do but will most likely not be highly satisfied with being an employee

of the current bank. However, the current employer can be able to come up with policies that would target such employees in order to make them satisfied with being their employment. Such an employee would also most likely be expected to have a lower level of affective commitment to the bank as they would be always ready to leave once an opportunity arises in the bank that they have been so keen to work for.

Expectations, as a personal variable also play a very vital role in the satisfaction of an employee. It is not uncommon for a candidate to be asked, “What are your expectations once you start working for our company?” during a job interview. This is because the answer to this question is very important for the recruitment team to know so as to have an idea what kind of potential future employee they are dealing with. Those with really high expectations will most likely be at a higher chance of registering lower satisfaction levels. Expectations can range from work load, compensation, social life within the organisation, how quickly they will move up the management ladder and/or flexibility, just to mention a few. A potential future employee with lower expectations than what the job really offers will most likely have higher chances of satisfaction. Many organizations choose to make a position more attractive than it really is when they are advertising to fill it. This can potentially lead to a low level of satisfaction. On the contrary, a position that is made to seem less attractive than it really is will almost certainly call for a higher level of satisfaction once it is filled. However, this is a trade-off for the organization to make as a position which has been deliberately made to seem less attractive can only call for applications from people who are not suitably qualified.

Age also plays a very important role. Other researches have shown that younger employees, who are more energetic and curious often display higher levels of satisfaction than older ones who are less energetic. In contrast, a lot of research has also shown that older workers are more motivated and satisfied than the younger ones¹¹. This is attributed to be perks that come with working for many years which results in better pay and benefits and a general feeling of being in place. Older

¹¹ Frances Burks, Demand Media – Chron, “What Is the Relationship Between Job Satisfaction & Age?” <<http://smallbusiness.chron.com/relationship-between-job-satisfaction-age-12618.html> >

employees have most probably moved around the job market are already or in the process of settling for what they feel most satisfied with. In a A 2011 survey done as part of the Gallup-Healthways Well-being index, it was found that nearly 95% of U.S. older workers reported being satisfied with their job. It also went further to indicate that trends depicted that satisfaction increased with age. According to the survey 84% of survey respondents with ages ranging from 18 to 29 reported being satisfied with their jobs. However, Almost 88% percent of respondents with ages ranging from 30 to 44 reported being satisfied with their employment.

2.2.2 Importance to Employee satisfaction to the organisation

The figure below summarizes the importance of employee satisfaction to an organization as discussed by Sageer et al. (2012).

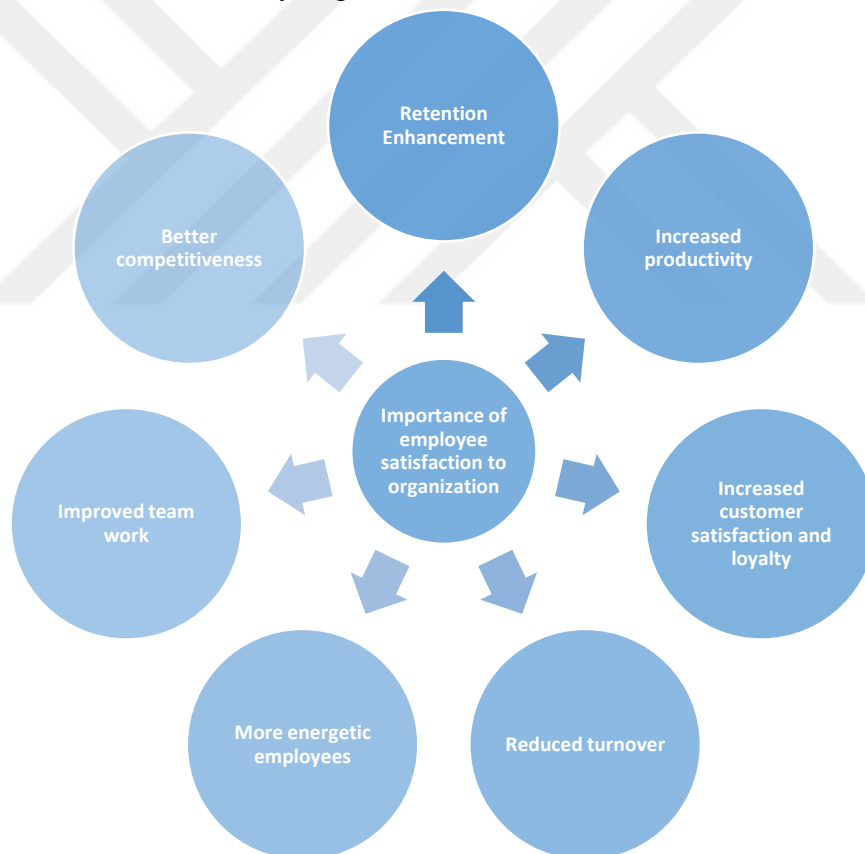


Figure 2.3: Importance of Employee satisfaction to the organization

The issue of employees being the center of the organization and arguably the most valuable resource cannot be over emphasized. Therefore, it should come as no surprise that research has attributed a lot of importance of employee satisfaction to the organization. Firstly, satisfied employees are more energetic employees. This energy brings positive morale in the work place and makes it a very good and enjoyable environment in which to do work. Another importance as seen in the above table is that employee satisfaction helps the organization have reduced turnover levels. More employees will be less willing to leave the company thereby saving it a lot of money in recruitment and training costs which are extremely high in most economies.

Employee satisfaction has previously been discussed to be linked positively to performance. Assuming that it is satisfaction that causes better performance and not vice versa, it should be expected that this will also call for satisfied and more loyal customers. The performance of the satisfied employee, especially the one that deals directly with the customers will ensure that the customer is better satisfied and therefore more loyal. This is in close relation with the point that satisfaction also leads to higher competitiveness. This is due to the better quality product and services that are produced by the satisfied employee. Dissatisfied employees do little to add to the competitiveness of the organization. In fact, they may be a threat to the organization as they can consequently lead to the loss of customers due to poor service or products that are produced.

Satisfied employees will are also more likely be expected to have the team work spirit and be willing to work as a unit. This is good or the organization as it promotes the feeling of togetherness which is necessary for the advancement of the organization. A dismantled organization loses direction and it lacks cohesiveness in functionality and is more likely to fall apart. It leads to poor products and services which lowers its competitiveness in the industry. Dissatisfied employees are only concerned about getting through the day are not very enthusiastic about the unification of the company and therefore lower effectiveness and efficiency which jeopardizes the success of the organization. All in all, these factors lead to enhanced employee retention, competitiveness and lower costs for the organization.

2.2.3 Importance of employee satisfaction for the Employee

Figure 4 summarizes the importance of employee satisfaction to an employee as discussed by Sageer et al. (2012). Every employee needs to have the feeling that they are being productive in a company. Only satisfied employees are likely to feel productive. Satisfaction will also cause the employee to care more about the quality of work which they are doing. Which means they will be better placed for self-improvement which can be an asset for them later in their career. The value produced will be of superior quality allowing them to be a likeable asset on the job market. This will also make it easier for them to seek employment elsewhere as they will have a proven track record of good performance. The employee will also become more committed to the organization if he/she is satisfied. This reduces stress and promotes the general happiness/psychological well-being of the employ, which through the spillover effect can also affect other areas of life positively. A satisfied employee will also have a belief in the long-run success of the organization; a quality that will allow him/her to also be more effective, efficient and productive.

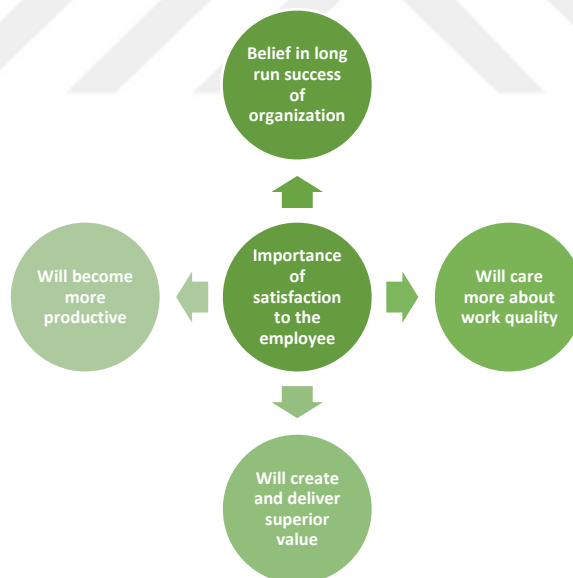


Figure 2.4: Importance of satisfaction to the employee

2.2.4 How to improve Employee satisfaction

It should be noted various organizations prefer different strategies for the improvement of employee satisfaction; and understandably so. However, also as discussed by Sageer et al. (2012), there are some rules of thumb, based on previous research that can be applied when seeking to improve satisfaction. The figure below summarizes.



Figure 2.5: How to improve employee satisfaction

Clear, concise and constant communication with employees is one of the key factors towards improving satisfaction. Employees need to feel that their voices are heard both by immediate supervisors and by top management. Most organizations face a problem when it comes to communication between workers and top management. However, it should be duty of every human resource management department to bridge this gap. The bridging of this gap leads to the next point which is knowing employees and creating teams. It is necessary for management to learn what kind of people they are dealing with in order to tailor their approach. They need to understand the culture, gender composition, religion and expectations of the employees just to mention a few.

Creating teams also allows the employees to feel as if they are speaking with a stronger voice thereby increasing their bargaining power.

Additionally, there is always need to include training and other improvement agendas within the organization's structure. As earlier mentioned, such programs are not limited to those directly related with job performance. They can also stem out to programs that touch other parts of the lives of the employee including health and family. Employee empowerment is also very imperative. After learning what kind of employees are there in a company, there is always need to empower those that need empowerment. These can be those who have disabilities, special ideas or skills, and even those who may feel marginalized because of issues like religion or gender.

Performance monitoring is also very crucial. Employees who always feel as if they are going to be evaluated are aware that management cares about them hence they do their best to improve performance. This goes hand in glove with the distribution of rewards. To satisfy an employee, it is not enough to evaluate but to also give rewards so that they feel that their contribution to the company and their effort for personal improvement is not only recognized but appreciated. This will also encourage other employees to improve. In relation to this is also the point of always giving honest feedback. Whether it is positive or negative, the employee needs to receive feedback about their work that is honest. This will allow them to continue doing the right things that they are doing and to improve on their weak points so they can derive more satisfaction and rewards from their work.

In the increasingly tech-world, keeping up with trends in technology can also be a very important factor to consider towards improving satisfaction. Employees will always be happy to know that they are using modern technology in the company that makes their work easier and more fun. A clerk who would be given a typewriter to work with today would most likely not derive satisfaction from his/her work.

Additionally, again it is the issue of wages. There is need for organizations to have good wage policies that ensure that the needs of the employees are being met. Employees need to feel that they are being compensated fairly and within the legal

framework. Observation of the legal minimum wage goes without saying. Wages should also take into account factors like the level of education and employee experience. Another important factor is to bear in mind gender equality. Both male and female employees need to get equal pay for equal work. There is also need to have fair maternity or indeed paternity leave policies that do not jeopardize the livelihood of the employees. Above all, in the effort to improve satisfaction, there is need to ensure safe working environments.

2.3 The relationship between commitment and satisfaction

The 21st century has been marred by unprecedented talent mobility but also a strong desire by organizations to watch the retention levels. Replacing employees can be a very costly exercise for organizations especially if new jobs are not being created. Employees are rightly regarded as an organization's most important asset. When an organization is constantly losing talent and having to replace people, it becomes a problem. The new people that are brought in into the organization have to learn the way it functions and it is a good investment on the part of the organization to enable them to reach a level of recognition with the goals and objectives of the company that is desirable. Lumley (2010) and Schein (1996) attest and emphasize that understanding the relationship between satisfaction and commitment is tantamount to the success of the organization and can be the line that separates successful human resource managers from the others. Here we will analyze the link that has been established between employee satisfaction and organizational commitment.

First and foremost it is important to say that even though satisfaction and commitment are the two most prevalent work attitudes that are studied in organizational behavior, the study on their relationship based on empirical data remains rather limited. Nevertheless, links between the two attributes have been constructed and/or observed by different researchers throughout the years. In as much as some researchers have insisted that the two attributes are distinct and are not linked in any way, there has been a lot of literature and research supporting the assertion that there is a correlation between satisfaction and commitment.

The relationship has been well documented (Porter, 1974; Mottaz, 1987; William and Anderson, 1991; Vander berg and Lance, 1992, Knoop, 1995; Young, Wordel and Woehr, 1998; Testa, 2001). These literatures have established a relationship between the two attributes through various researches that have taken place. The relationship, however, has been viewed from different perspectives by different researchers. The issue of causation has always been of importance. A question is asked; does organizational commitment cause employee satisfaction or does employee satisfaction lead to organizational commitment? Different researchers have had different conclusions on the matter and there has been no consensus. Some have said that satisfaction causes commitment while some lean more towards the idea that it is commitment that causes satisfaction. Additionally, there are those that say that it can go both ways.

Lincoln and Kalleberg (1990), consider job satisfaction as being a reason for organizational commitment. It is asserted that before an employee commits to an organization, it needs to fulfil the elements of satisfaction as previously discussed. This view suggests that for managers who are looking to build more commitment in their employees, they need to ensure that they create the necessary environment for the employees to feel satisfied with their job. Failure to do so will lead to no realization of commitment from them. In as much as this may seem expected, it would be rather hasty to assume that an employee who is satisfied will automatically become committed to the organization. Mowday, Porter and Steers (1982); Mueller, Boyer, Price and Iverson (1994) and William and Hazer, (1986) also shared this perspective.

Expanding more on this phenomenon, as it is the probable general notion in the status quo, the factors that were discussed as being prerequisite for employee satisfaction, including both situational and dispositional, are regarded as also being prerequisites for organizational commitment. This can however not be applicable to the case of entrepreneurs who are expected, at least to a larger extent, to portray very strong affective and normative commitment to an organization since they are instrumental in its setting up. However, adhering to the notion that satisfaction will eventually lead to commitment shifts the attention of managers from focusing so much on understanding

commitment further as they take it as a given consequence of the employees' satisfaction with the conditions in the company (situational) and their own disposition (personal inclination).

Vandenberg and Lance (1986) acknowledged that the reverse is also possible. This means that they considered, researched and accepted the possibility that organizational commitment can also be a cause of employee satisfaction. In perspective, this notion seeks to show that for an employee to be satisfied with the job they are doing, they have to be committed. The idea claims that no employee will be satisfied if they are not committed to their job. Being committed to an organization means that the employee is not constantly looking out for an exit point to seek greener pastures. It entails that the employee is, with everything else held constant, content with remaining within the organization. In the absence of the thought or/and possibilities of leaving the organization for another, the employee is left in a situation wherein they have to be satisfied with the job they are doing. This may be so because the presence of abundant options can psychologically affect an individual and make them question their satisfaction level.

As can be seen, various studies have produced dissimilar results on the issue of the relationship. All in all, most of the studies have shown that the correlation exists even though the subject of causation is still debatable. Dirani and Kuchinke (2011) produced results from their research that indicated that there is a strong correlation between satisfaction and commitment. It is very difficult for one to exist in the absence of the other. Some people actually look at them as being two sides of the same medallion. Riaz and Ramay (2010) also indicated that their research showed a positive correlation between the two. Another point worth mentioning is that modern research seems to be leaning more towards recognizing this relationship. Most of the research that does not really recognize the relationship between the two concepts is quite old. This does in no way discredit the findings as even some modern research shows no or little correlation.

Curry, Waterfield and Mueller (1986), for instance, found no significant relationship between satisfaction and commitment. This means that they found the two to be

independent of each other. The assertion is that in no way does satisfaction cause commitment or vice versa. In this regard, these findings discredit the previously mentioned literature. Important to observe is that the research that establishes the correlation is more modern than the one which shows that there is an increasing shift in the dynamics of how experts in organizational behavior view the issue of the correlation. The research by Curry et al. is therefore treated with a lower regard than the other researches which seem to hold better with modern realities in organizations.

Spector (1997), indicated that job satisfaction influences the attitudes of people in the work place (situational). This is said to cause emotional reactions among these individuals that affect organizational factors according to Mowday et al. (2008). Among the factors affected is organizational commitment.

The link can also be understood by referring back to the earlier discussed notion of performance. It was demonstrated that good performance calls for satisfied employees and that one of the factors that determines employee performance is customer satisfaction. Therefore, customer satisfaction also leads to employees being satisfied with their jobs. The reverse can also be applicable where employee satisfaction causes customer satisfaction. Job satisfaction does not lead to better performance only but also reduction in withdrawal and counter-productive behaviors according to Morrison (2008). This situation, in the long run, leads to the employee being committed and less willing to leave the organization. It thus amounts to affective commitment. Which means employees stay with the organization because they want to and not because they are under a certain form of obligation to do so. In the reverse perspective, research has also shown that committed employees portray better performance which in turn leads to customer satisfaction. Applying what has been discussed here, satisfied customers can call for satisfied employees.

Mathieu and Zajac (1990) agreed with William and Hazer (1986) in asserting that job satisfaction is an antecedent of organizational commitment. Steers (1977) grouped, in his finding, the antecedents of organizational commitment as being personal characteristics, job characteristics, and work experience. He emphasized the three as being very important and significant to commitment. In relation to how employee

satisfaction was discussed, it can be seen that personal characteristics entail dispositional factors whereas job characteristics entail the situational factors of satisfaction. This establishes a very direct and strong correlation between satisfaction and commitment.

In an attempt to show that satisfaction is a cause for commitment, effort has been put in trying to distinguish the essence of the two phenomena. Job/employee satisfaction is regarded as being a more specific concept whereas commitment is seen as a global thing that is achieved overtime. Employee satisfaction is related to the specific job or task(s) performed by an employee whereas organizational commitment has to do with how the employee feels about the whole organization and its goals and the extent to which she/he is dedicated to it. Mowday was also quick to admit that the two may not necessarily occur simultaneously. In agreement with this assertion are McPhee and Townsend (1992). It was observed that a committed employee may dislike the job he/she is doing at that particular moment. The unwillingness to leave the organization in this circumstance is evident commitment.

Take an example of two brothers, both professional human resource management experts. Together they started a recruitment firm which became profitable in three years. At the start, they both acted as managing directors until the third year when the head of their IT department decided to go join another company. One of the brothers, due to his previous little experience with IT, decided it was in the best interest of the company that he heads the IT department until they find a suitable replacement as it is a sensitive position. After serving for one quarter, he reported that his satisfaction with his job was at an all-time low but his commitment to the company was obstinate. The same can apply to regular employees within an organization. This goes further to show that amidst the common idea of the existence of a relationship, the dynamics surrounding it remain bleak.

“While generally research supports a positive association between commitment and satisfaction, the casual ordering between the two variables remains both controversial and contradictory” – Martin and Bennett (1996)

To add further on the relationship, Loui (1995), in a study conducted among 109 workers through a survey also reached a conclusion that the assertion of a positive relationship between satisfaction and commitment carries weight. Gunlu, Ebru and Aksarayli (2010) in a study involving hotel managers in Turkey, concluded that extrinsic, intrinsic and general job satisfaction have a remarkable impact on commitment. The significance of these studies should not be ignored as they can apply to every other sector in various economies. Understanding satisfaction and commitment, both in their independent sight and later the link between them, is very important for managers who are attempting to lower the employee turnover in their respective organizations. Clugston (2000) and Mathieu and Zajac (1990) observed that there is a negative relationship between Job satisfaction coupled with commitment and turnover. This means that when satisfaction and commitment increase, turnover decreases and vice versa. This can also be proof of the relationship between commitment and satisfaction.

Job satisfaction has also been argued by other researchers to be more related to affective and normative commitment rather than continuance commitment. It has further been observed that the relationship is the strongest between job satisfaction and affective commitment. This is according to Irving, Coleman and Cooper (1997). Lau and Chong (2002) observed, among managers, that those who are highly committed to an organisation tend to register higher job satisfaction, commitment can be looked as, in this regard, as causing satisfaction; and rightly so. However, it is very important to differentiate between the three types of commitment as discussed by Meyer and Allen in order to comprehend from where satisfaction is derived.

Affective commitment, as has been discussed earlier, is the desire to stay with an organisation. The employee stays because they want to stay and not because of the want of someone else. This has traditionally been looked upon as the healthiest kind of commitment. Employees who exhibit this trait can be regarded as having or prone to have high levels of satisfaction, especially if they are regular employees without any ownership affiliations to the company as that would lean more towards normative commitment. When affective commitment has been observed in an employee it is a

vote of confidence for the company as it is highly unlikely for one to have a desire to stay in an organization when they are not satisfied with their job. Contrary to this idea however, may be the assertion that it is possible for one to display affective commitment without really being satisfied with the current job.

As it has been discussed, whereas commitment is a more global concept that denotes a holistic organizational outlook, satisfaction has to do with the specific job (task(s) allocated to a particular employee) that one is doing at that particular point in time. Therefore, if there is hope of being moved to a desirable position in the imminent future, one may still portray affective commitment. Take for example an individual who is more interested in working for the loan processing department in bank but is currently working as a teller due to the fact that he/she has recently joined the bank. This individual may stay with the company as long as they have enough hope and confidence that eventually they will land their dream position. This is also why it is important for managers to pay attention to the career development of their employees. In this case, the employee will stay because of their own desire to do so (affective commitment).

On normative commitment, as it has been discussed as commitment that is based on an ideology or sense of obligation; it can also be used to see the link between satisfaction and commitment. In as much as normative commitment is generally low in institutions such as banks, it can, nevertheless, aid in understanding the relationship. People are prone to feel satisfaction at a personal level when they are doing a job that they feel helps them fulfil a duty or with which the ideology it is built upon they agree with. Individuals are likely to feel satisfied when they feel that they are in a position that allows them to fulfil an obligation they have accepted upon themselves. This is the link between commitment and satisfaction in this regard.

Furthermore, in a study by Rosin and Korabik (1991) in which observation was made on Canadian women managers, it was noted it was noted that most of them had low satisfaction with their jobs. This was due to reasons ranging from gender inequalities and office politics. Concurrently, it was also observed that the commitment levels in these women was also as low as their satisfaction. Thus, a positive relationship was

observed. With a decreasing level of job satisfaction, lower levels of commitment were also noted. The reverse also applies whereby an increasing level of satisfaction indicated an increasing level of commitment. A disclaimer has to be put here that the study observed association and not causation. This means that in as much as the research showed the relationship between the two variables, it did little or nothing to show which factor is dependent on the other. It also, however, in no way suggested the independence of the variables from each other.

In conclusion, the relationship between organizational commitment and job satisfaction has been established through years of study in various sectors and in different economies. Dubinsky et al. (1990) used U.S, Japanese and Korean samples of data to report significant correlation between employee satisfaction and organisational commitment. This depicts, at least to a larger extent, the universality of the theory. Job satisfaction is very important for organisations as the lack thereof contributes to lethargy and reduced organisational commitment (Moser, 1997). The two variables are vital for effectiveness and efficiency of the organisation as a whole and the employee in particular. The variables have also been highly linked as a unit to aiding in lowering employee turnover.

3 RESEARCH METHODOLOGY

3.1 Research philosophy

The banks upon which this study is based, proved very hesitant to provide results of employee satisfaction and organizational commitment surveys which, according to internal sources were conducted by some of the banks in the past or near past. They claimed confidentiality as being the primary reason for this. Hence, no internally accumulated data was used. As was discussed in chapter 1, the main purpose of this thesis is to determine the relationship between employee satisfaction and organizational commitment. Thus to try to add to existing research findings about the correlation between the two variables. Additionally, an attempt is also made to discuss the issue of causation on which a lot of researchers are keen about and of which, as demonstrated in chapter 2, there is little or no consensus among renowned experts in the field.

Traditionally, the two main schools of thought that exist in social sciences are the positivist paradigm and the phenomenological paradigm. The former is regarded as being the most traditional among social science circles. The positivist approach has generally been used in the study of natural sciences as discussed by Bryan (1989) and Remenyi et al.(1998). The positivist tries to use objective and logical reasoning to arrive at conclusions/interpretations. The researcher can observe and measure independent causes that lead to observed effects. Remenyi et al., (1998) relates that, “positivism emphasizes quantifiable observations that lend themselves to statistical analysis” (p.33). The positivist approach was developed as a means to legitimise “scientific” status to research in social sciences. Some critics however put this research under scrutiny and said that it is not well equipped to bring about profound insight in

multifaceted problems especially in the field of business management (Remenyi et al., 1998, p. 33).

The second approach which is the phenomenological approach has been hailed as often, especially in business management, bringing about more profound insight when adopted for use. According to Cohen and Manion (1987), “phenomenology is a theoretical point of view that advocates the study of direct experience taken at face value; and one which sees behavior as determined by the phenomena of experience rather than by external, objective and physically described reality” (p.138). This approach is more welcoming to verbal, illustrative or descriptive analysis that does not have to be mathematical in nature (Remenyi et al., 1998, p. 34). Below is a figure of the two paradigms as summarised by Mark Easterby-Smith et al. (1991, p. 27).

	Positivist paradigm	Phenomenological paradigm
Basic beliefs	The world is external and objective Observer is independent Science is value-free	The world is socially constructed and subjective Observer is part of what observed Science is driven by human interests
Researcher should	Focus on facts Look for causality and fundamental laws Reduce phenomena to simplest elements Formulate and test hypotheses	Focus on meanings Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
Preferred methods include	Operationalising concepts so that they can be measured Making large samples	Using multiple methods to establish different views of phenomena Small samples investigated in depth or over time.

Figure 3.1: Summary of Positivist and phenomenological paradigms

Due to issues like time restrictions, the researcher’s level of experience in research and the fact that the research was cross-continental, a positivist research method, which leans towards objectivity, was adopted as a primary research philosophy. This approach is regarded as being less time consuming a little more straight forward and suitable for the circumstances of the researcher. The positivist method uses quantitative analysis of collected data. This according to Saunders et al. (2007). However, the researcher also borrows a little from the phenomenological paradigm

which has more to do with the qualitative side of research. This is so as part of the discussion was inferred subjectively through intuition and talks with some employees in the sector.

This choice was made for the purpose of the research being thorough as close as possible, given circumstances, to effectiveness in addressing the research question which is, as discussed in chapter 1. The researcher, in as far as epistemology goes, tries to use existing knowledge to arrive at conclusions in the matter of the research.

3.2 Research Approach

Since a positivist philosophy was emphasized, the researcher adopts a deductive technique which uses the sort of reasoning that transcends from the particular to the general (Gulati, 2009, p.42). With this, it means that the case study, which is the Malawian banking sector has been looked upon as a particular scenario which can give rise to a significant insight about how trends are in other sectors. By the same token, the results obtained from the respondents can be used to reflect or speculate on the status quo as far as the variables measured apply to other individuals who did not take part in the survey. This approach is one of the most commonly used in trying to link research results and theory. Bryman and Bell (2007) discussed that the conclusions from such an approach are derived through logical reasoning. The findings from the research conducted on the Malawian banking sector would be likened to prevailing literature and various knowledge sources on the subject matter in order to come up with logical conclusions.

3.3 Data collection

Collecting data on a cross-continental level proved not to be a very easy task. It was however made simpler by the researcher's effort in contacting a few friends and former business associates who proved very helpful in the accumulation of data. Due to the nature of the research and the circumstances herein, the researcher rolled out a survey to measure employee satisfaction and organizational commitment. The collective survey. Which was divided in three parts, was designed by the researcher with

reference to existing guidelines from previous research and other experts in the field. The three parts therein were as follows:

Employee satisfaction: This part consisted of six questions that were aimed towards establishing the level of satisfaction among the employees. The questions were derived from assumptions based on an extensive research by the Society of Human Resource Management (SHRM) which has been discussed in chapter 2. Research by the society indicated the factors that lead to employee satisfaction. The most important assumption that was made was that the 5 factors, as mentioned by the society are a reliable measure of satisfaction. They touch on issues of remuneration, relationship between the employee and immediate supervisors, relationship between employees and top management, job security and the ability to apply learnt skills in the context of the job currently being undertaken by the particular employee.

Organizational commitment: This is the second part of the research that aimed to measure the level of commitment among the employees. This part also contained a total of six questions. However, it should be noted that the researcher made a decision to narrow down the sort of commitment to be measured as the questions were based on Meyer and Allen's research. These researchers have proven to be very influential in the field of organizational department and their work is backed by years of extensive research. However, as discussed in chapter 2, at the core of Meyer and Allen's commitment model is the distinction between the three types of commitment; that is, affective, continuance and normative.

Due to time restrictions and other obstacles, the research has been done under the assumption that business managers are or rather should be more concerned with the levels or lack thereof of affective commitment. They should also be very concerned with the measures they can take in order to increase the levels of affective commitment so that employees stay with the company because they want to stay and not just because they feel a certain sense of obligation or need to do so. This assumption underlines the thought that the healthiest form of commitment is affective commitment. The six questions tackled issues such as the sense of belonging to an organization, personal attachment to the individual's job, how much proud they feel

about working for the organization, how much working for the organization means to the particular employee, how long they would love to stay with the organization and the extent to which they identify the problems of the organization as being part of their own.

Personal information: The third and final part of the survey which had a total of four questions was concerned with demographics. This would be important as it would allow further insight on whether issues such as age, sex and tenure can affect levels of satisfaction and commitment. Therefore, the four things covered in this part include age, sex, tenure and type of job.

It is important that the researcher adopted means to ensure the anonymity of the respondents. He did not, at any point have direct contact with the respondents or have any influence in the type of responses they gave. The surveys did not allow the provision of a name or anything that would lead to the identification of the employee. The researcher used a total of four trustable colleagues to distribute the forms and so ensure that they were evenly spread and without any biases. Email responses were received but largely this approach was shunned because with experience, the researcher knows the slowness in feedback in all sectors generally in Malawi when it comes to surveys. Alternatively, the colleagues identified people within the banks who would collect the filled out hard copy surveys and forward them to the research. After this, all data was analyzed using the online tool “survey monkey”¹² which was regarded as an easier and less time consuming. It was also very appropriate and convenient for a survey of this nature. The researcher found it to be very effective and efficient.

3.4 Sampling

Simple random sampling was used when determining the respondents for the survey. The researcher believed this to be the most suitable sampling technique. Reasons being

¹² www.surveymonkey.com

the need to maintain highest level of anonymity of the respondents, to get a wider perspective on the subject matter and in an effort to ensure that the responses are not biased by the fear of being known or suffering any possible consequences for participating in the survey. It should be known that the survey carried no field indicating the name of the respondent. The total number of surveys sent out was 150. The respondents amounted up to 70 representing a 46.7% response rate. For an externally conducted survey, this rate is way above average as normal expectations are generally pegged between 10-15%. Additionally, the rate depicts an average better than internally distributed surveys which normally are associated with an average of between 30-40%.¹³ The researcher regards this as a good level of response even though the total number of surveys sent out was quite low due to the impediments that have been discussed.

Another reason would be that the researcher was not very successful in providing incentives for the potential respondents. It should also be noted that the perceived benefits for the respondents was not recognized and hence the unwillingness of some employees to fill out the survey; and understandably so. Another thing noted was the general disregard among employees to fill out surveys that have to do with academic research as they are generally looked upon with lesser significance than those that are distributed through the organization itself. However, confidence was still maintained that the 70 respondents would present a decent reflection of the status quo vis-à-vis the subject matter of employee satisfaction and organizational commitment.

The population on which this survey was carried out was narrowed down to the commercial capital which is the city of Blantyre. The city has a population of roughly just over 1 million people. The three banks on which this survey was focused employ an estimated cumulative 3000 people.¹⁴ The researcher, using information from people working in the banking sector estimated that the total number of people working for the three banks within the city of Blantyre is not in excess of 450.

¹³ Survey Gizmo, "Survey Response Rates" < <https://www.surveygizmo.com/survey-blog/survey-response-rates/>>

¹⁴ Data on these figures is based upon claims by the companies about how many people they employ and is not backed by any substantive independent census.

Therefore, the 70 respondents represent a confidence level of 90% and a margin error of 9%. The sample size can be related to the generally accepted sample size formula shown below:

$$\frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

Where N=Population size, e=Margin error, z=confidence level and p=percentage value.¹⁵

Of the 70 respondents, 20, which represents 28.6% were from NBS bank and collected by random selection; 30, which represents 42.9% was from the National Bank of Malawi (NBM); 20, representing another 28.6% were taken from First Merchant Bank (FMB). The graphical composition of the data is depicted below:

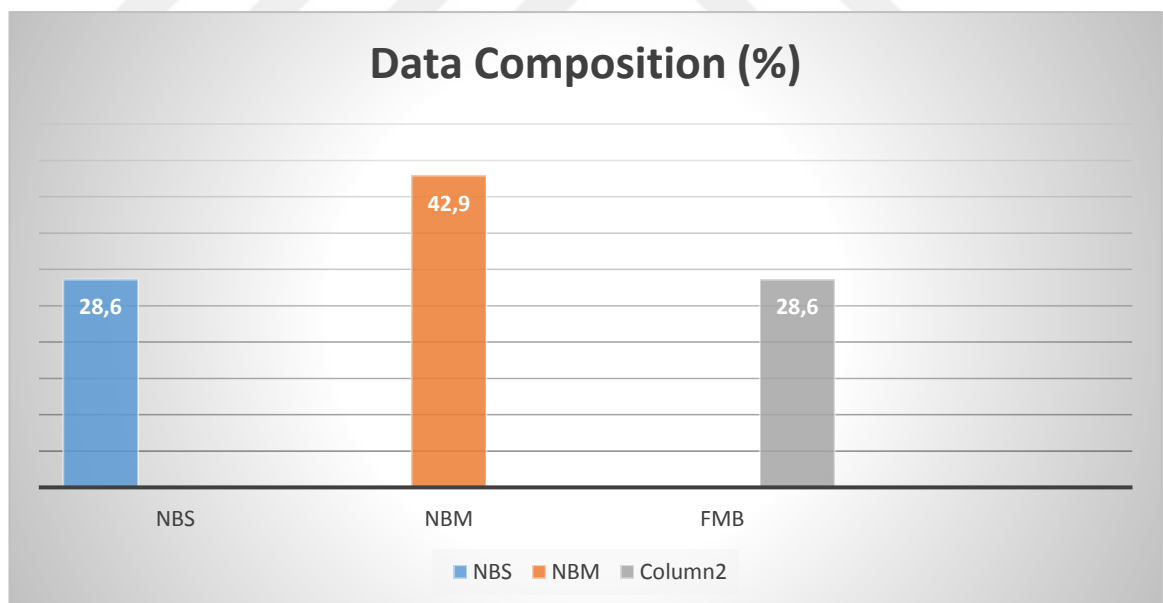


Figure 3.2: Survey data composition by bank

¹⁵ Survey Monkey, "Calculating sample size" <
http://help.surveymonkey.com/articles/en_US/kb/How-many-respondents-do-I-need>

It should be mentioned that NBM, in as much as the distribution of the surveys was random, was chosen because it is the largest commercial bank in Malawi by size of assets. The other two banks, while they are major commercial banks as well, were chosen at random with no special reasons. However, NBS and FMB are third and fourth largest banks in the country respectively. The number of licensed commercial banks in Malawi is 11 as mentioned earlier. The three represent a cumulative 27.27% of the banks in Malawi (This is not a representation of market share).

3.5 Reliability

The confidence level and margin of error that have been stated are a reflection of the reliability of the results collected through the survey. However, in the contest of the subject matter, the results and indeed should still be open for stability reliability for the sake of future research.

3.6 Validity

Validity of research can be expounded the extent to which the necessities of scientific research method have been adhered to during the course of accumulating research findings. Oliver (2010) regards validity to be an obligatory prerequisite for all sorts of studies. There exist various forms of research validity and main ones are specified by Cohen et al (2007) as content validity, criterion-related validity, construct validity, internal validity, external validity, concurrent validity and face validity.

Measures to ensure validity of a research include, but not limited to the following points and discussed is how they apply to this research.

- Appropriate time scale for the study has to be selected: This research run over a period of five months and the findings, in as much as they were difficult to collect, were received within a period of two weeks. The respondents were not given a deadline for submission to allow them to fill the survey without any pressure. This was done as an effort to put less jeopardy on the originality of the responses.

- Appropriate methodology has to be chosen, taking into account the characteristics of the study: It is the researcher's belief that given the circumstances, the approach taken was the most appropriate and best likely to produce the desired results.
- The most suitable sample method for the study has to be selected: it is also the researcher's belief that by the nature of the survey and in consultation with previous research and literature, the ideal sample method was used.
- The respondents must not be pressured in any ways to select specific choices among the answer sets: The researcher had no say in who would receive the survey to ensure that they are not pressured in any way. Those responsible to delivering and collecting the survey were individuals with zero interest in the findings and who would in no way influence the respondents to choose certain choices. The identities of the respondents remains anonymous to the researcher. However, measures were taken to ensure that the survey were really delivered to employees of the three banks in mention.
- It is imperative to understand that although threats to the reliability of the research cannot be entirely eliminated, the researchers took utmost precaution in order to lessen this threat as much as it was deemed possible.

3.7 Ethics

The researcher took into consideration the ethical part of this survey since human participants were involved. As it has already been highlighted, precaution was taken to ensure that the participants are not subjected to any psychological pressure or fear. Identities of participants were protected in all possible ways. It was also made clear to the participants what the research was all about so that they are aware of what they are participating in. Therefore, it can be said with confidence that the study presented zero or minimal risk to the participant. The identification of the participants was not known during the study and by the same token will not be known even long after the completion of the study.

3.8 Limitations

The study had the following limitations:

- The sample size was relatively small. Probably more reflective results would have been realized if the size of the sample was relatively larger.
- Some respondents may have been hesitant to give negative remarks about their organizations.
- The unwillingness of human resource management departments to render substantial assistance in the execution of the research.
- The inability of the researcher to be on the ground in Malawi so sort out discrepancies with ease.
- The issue of satisfaction and motivation may be influenced by over factors which were not covered in this thesis.
- In the interviews conducted, the participants may have been hesitant to express their true opinions entirely.

4 DATA ANALYSIS AND FINDINGS

This chapter discusses in detail the findings of the survey and also analyses the results in relation to the literature reviewed in chapter two and all the assertions that have been made throughout the paper. It attempts to answer the questions that have been posed and addressed the objectives of the thesis as discussed in chapter one. It looks at each of the questions that were in the survey using graphical presentations. Firstly, here is a look at the demographics as per the four questions that were asked:

The research therefore maintained a good balance between male and female respondents. The variation in the figures is the optimistic indication of the gender balance as far as bank jobs are concerned. However, it should be noted that even though such is the result, the research in no way took gender as a criteria when sampling as the selection was random.

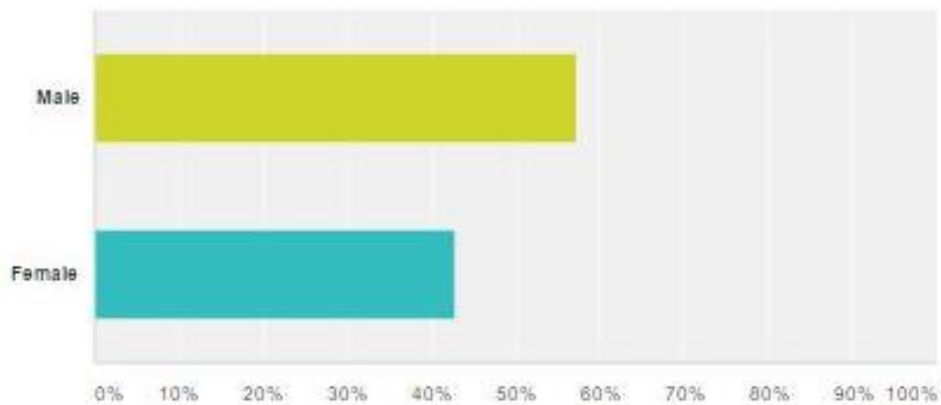


Figure 4.1: Gender of respondents

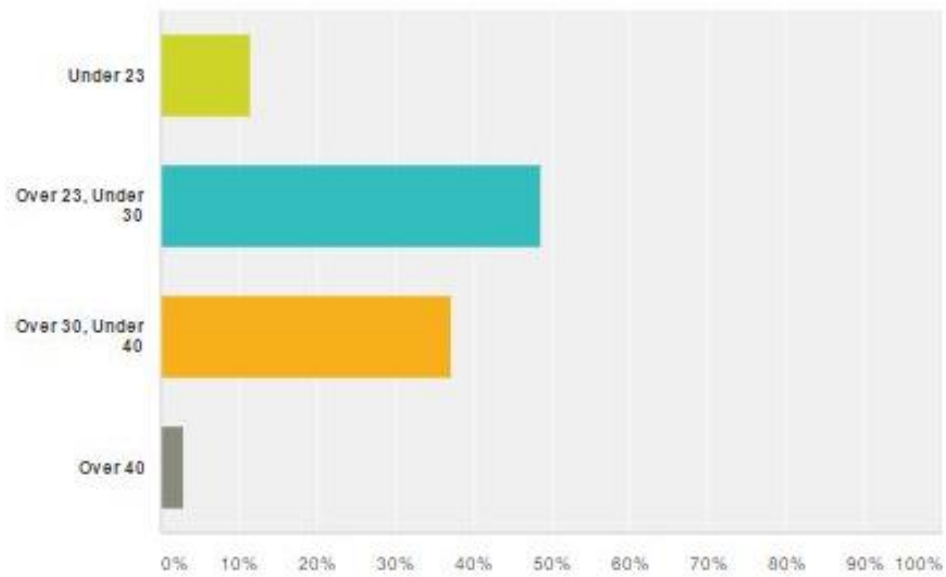


Figure 4.2: Age group of respondents

Results indicate that most of the respondents, an impressive 48.57% were between the ages of 23-30. Seconded by the 30-40 range which accounted for 37.14%. This means that a total of 85.71% of the total respondents were between the ages of 23-40. The researcher noted that most of the older employees to which the survey was sent did not return with responses. Younger people were more eager to respond to the survey and be of assistance. The older people were also said to be difficult to reach as most of them hold higher offices and normally are hesitant to participate in survey, especially external academic ones.

The following is a representation of the distribution of the respondents in relation to the departments in which they work.

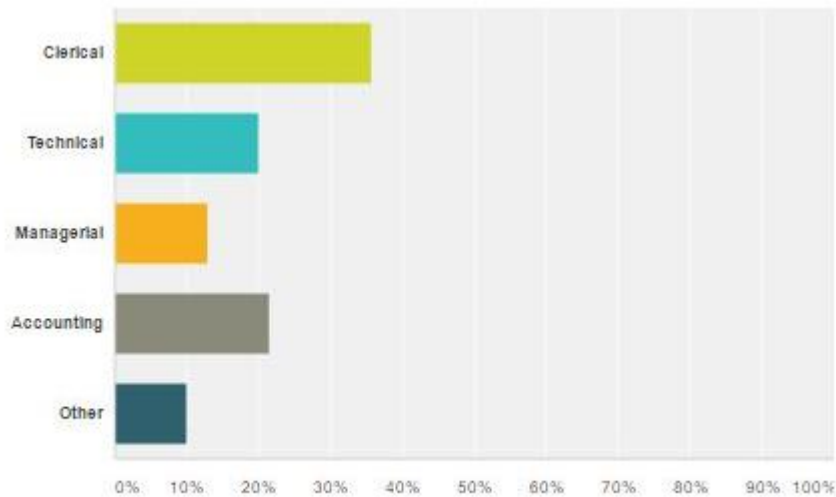


Figure 4.3: Positions of respondents

Majority of the respondents were associated with clerical positions. This is possibly due to the fact that since the survey was mostly responded to by young people, who are mostly placed in clerical positions for periods of sometimes up to three years, it heightened the figure. Another reason is that generally, banks have a lot of clerical jobs. The results showed that 62.5% of respondents 23 and under fell under the clerical category. Similarly, majority of those in the 23-30 age group, amounting up to 47.06% also held clerical positions. This can be seen in the figure below:



Figure 4.4: Positions of respondents by age

Another area that was not ignored is tenure. As it has been discussed in chapter 2, the duration of employment/age of the employee has also been said to have a relationship with satisfaction and commitment alike. Therefore, the fourth questions in the personal details section addressed this and the findings were are displayed in the subsequent figure. It can be noted from the figure that only 24.28% of the participants have been with the organization for a year and less. This also goes further to back why most of the respondents emerged to hold clerical positions. The majority, however, representing 30% of the total respondents indicated having worked for their organizations for more than five years. This is good as it gives weight to the findings as coming from people who are well familiar with their organization.

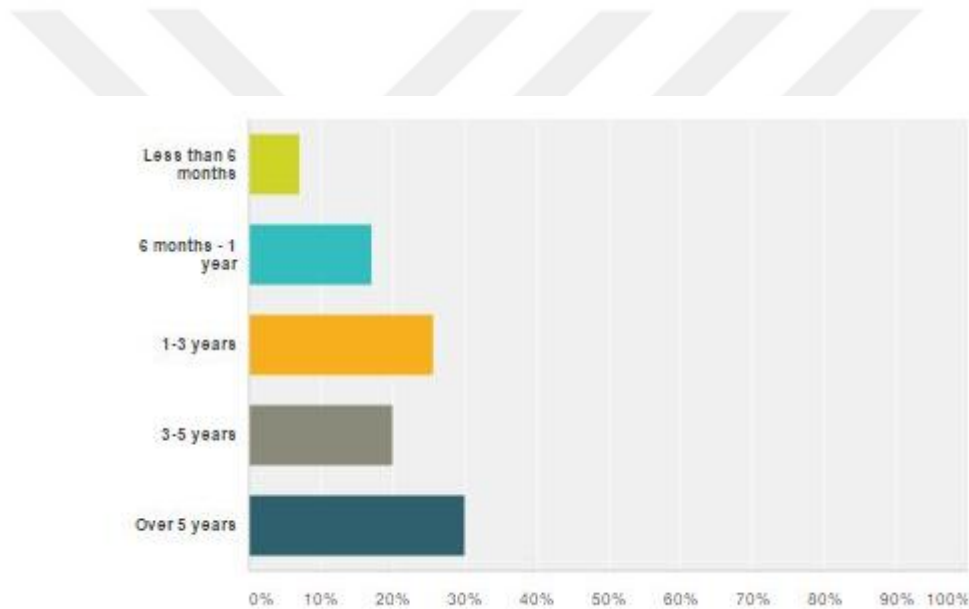


Figure 4.5: Employee tenure at organization

4.1 Findings on satisfaction

This section holistically delves into the findings of the survey as far as job satisfaction is concerned. It has been noted earlier, the survey covered six criteria that determine satisfaction. The combined findings as per the data collected from the three banks give a picture of the trends are can be closely related or indeed used as a benchmark for analyzing industry averages. The first question that was asked was that of overall

satisfaction. This was intended at giving a representation of how the respondents feel about overall satisfaction with their job. This should be looked at while beating in mind that job satisfaction has been distinguished from employee satisfaction. It can be noted that the majority of the respondents, up to 38.5% reported being satisfied with their jobs which is a good sign for the three banks in mention. 12.86% even indicated being generally very satisfied with their jobs.

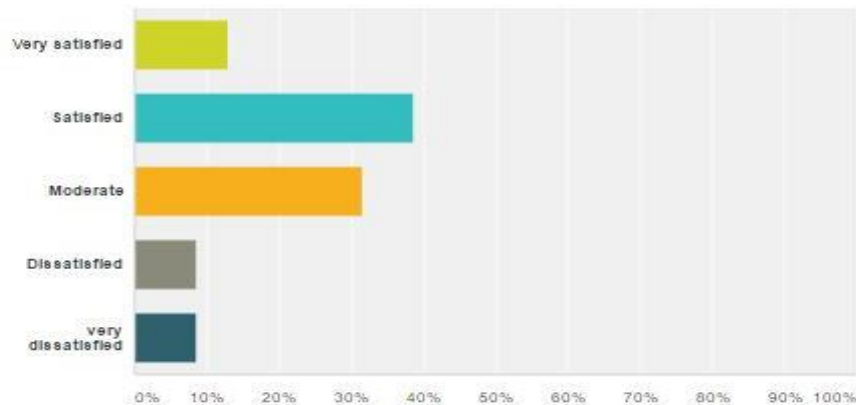


Figure 4.6: Overall job satisfaction

Only 12 respondents, making up 17.14% expressed dissatisfaction with their jobs with 50% of those stating the extreme level of dissatisfaction.

The results to the five other criteria can be seen below:

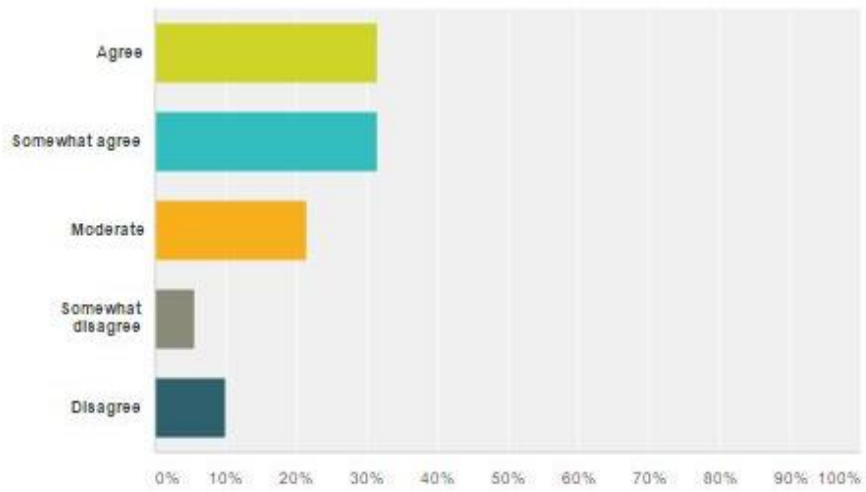


Figure 4.7: Relationship with immediate Supervisors

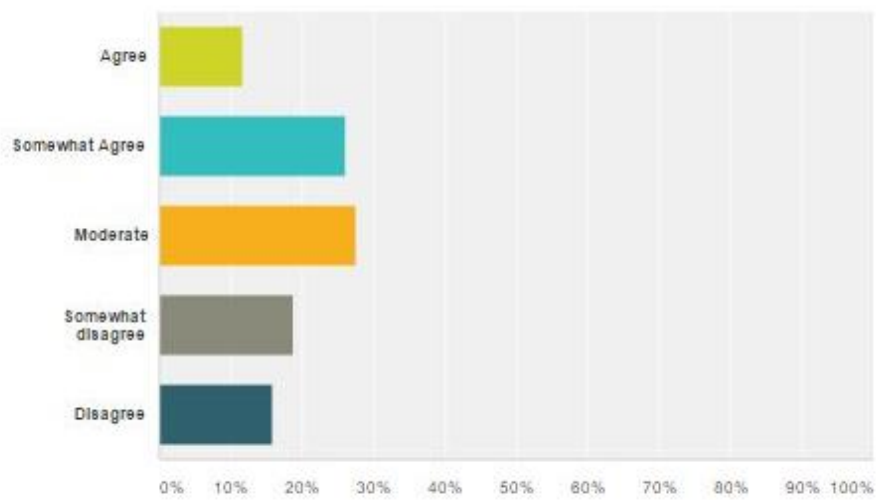


Figure 4.8: Relationship with management

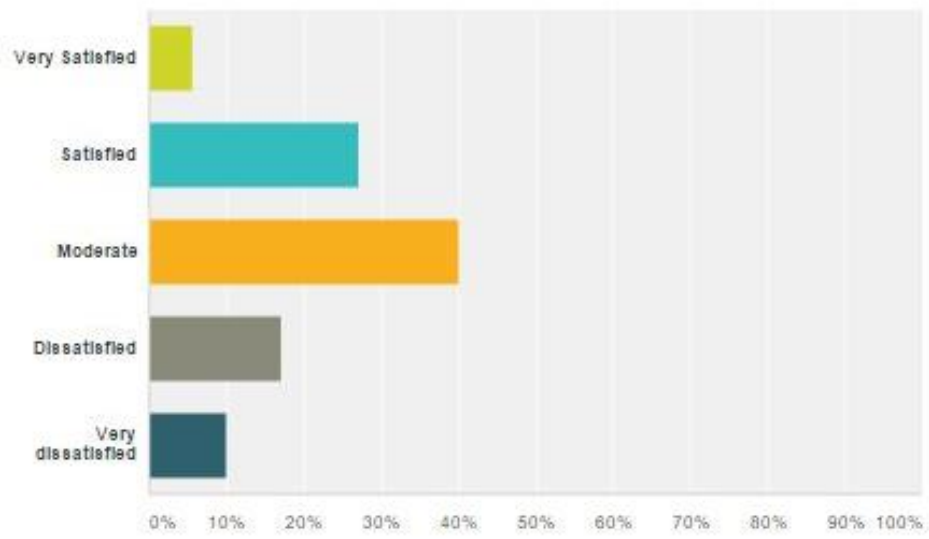


Figure 4.9: Satisfaction with Salary

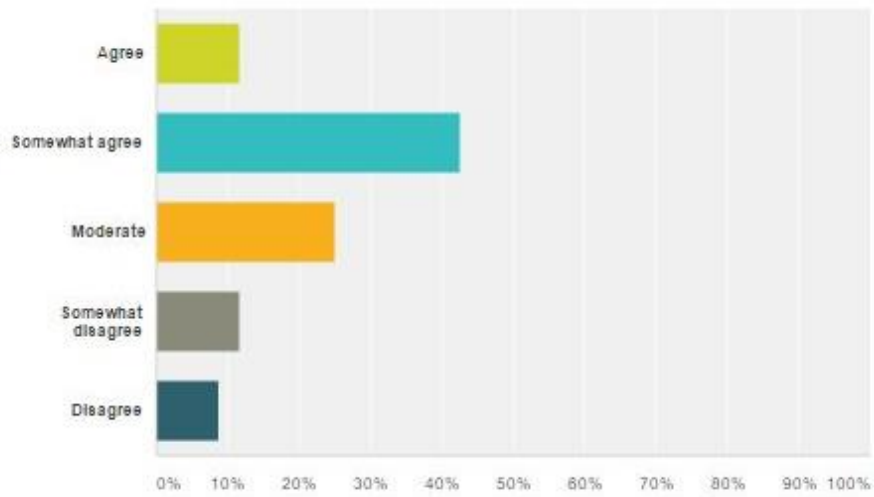


Figure 4.10: Job security

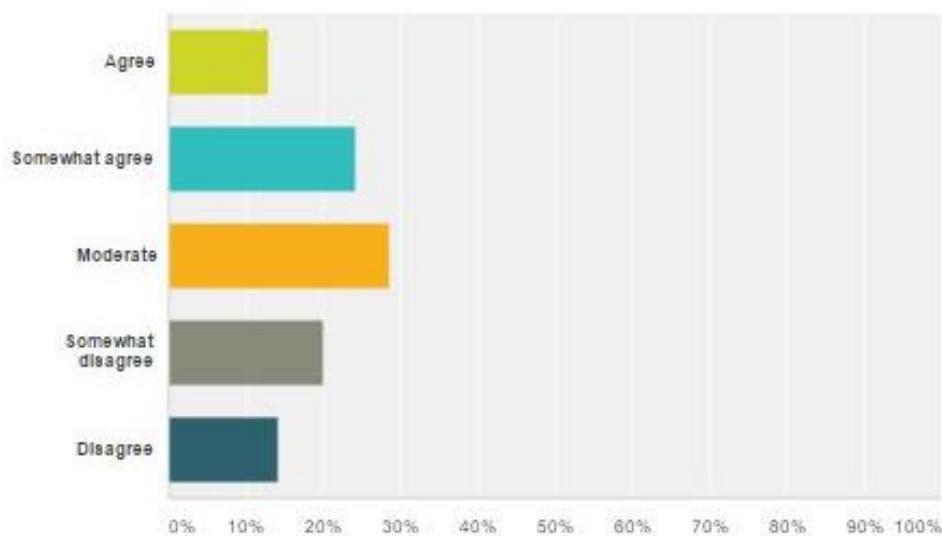


Figure 4.11: The application of skill

The results on satisfaction were therefore conclusive in showing that majority of the employees regard the relationship between themselves and their immediate supervisors to be quite healthy. With 62.86% of the respondents agreeing to good relationship, this is a positive that should be capitalized on by the banks in the subject matter. This can probably be due to the obvious fact that employees work very closely with immediate supervisors and hence they develop a personal relationship with them that can lead to a generally positive outlook towards them. The only challenge comes when individual employees do not have a good personal relationship with the supervisors. This can affect the attitude towards work and therefore also lead to lower levels of satisfaction. It can be appreciated that when a supervisor has a good personality, even if the professionalism is a bit lower, the employees will tend to have a generally good opinion about them regardless. Whereas a supervisor who is very professional but lacking in character can attract feelings of distaste from the employees. This in turn can lead to lower levels of satisfaction.

Results on the relationship between employees and management were however not very ideal. Majority of the respondents as seen from figure 14 disagreed from having a good relationship with management. This can be a bad sign for the companies as it shows that there is a good number of employees that feel that their voices are not being

heard by the management. This can be a very big contributor to overall dissatisfaction. Employees need to feel that they are able to relate with management on a level that they are comfortable with. It helps them reinforce their role within the company and give them a feeling that they are regarded as an important unit and that their contributions are not taken lightly but rather appreciated and acted upon. Failure by management to ensure this can lead to less motivation as discussed in chapter 2 and therefore perhaps even affect overall performance of the employees.

Figure 15 is a representation on what has for years been argued as the most important determinant of employee satisfaction, salary. As discussed in chapter 2, research backed by the SHRM indicated that this is not always the case. In fact, the study in America showed a shift of dynamics. One may argue that the results cannot be applicable in economies such as Malawi. More of this will be discussed later on. The results of the survey however indicated that the majority of the people are moderate on salary satisfaction. They neither feel satisfied nor dissatisfied with their remuneration. A total of 40% of the respondents expressed moderate dissatisfaction. However, a good note was that a slightly larger percentage of the respondents expressed satisfaction with their salaries, again confirming the claim made in chapter 1 about the attractiveness of careers in banking. 5.71% more people expressed satisfaction over dissatisfaction. Only 10% of the respondents claimed to be very dissatisfied with compensation.

Job security was addressed in chapter 2 as being very crucial to satisfaction as well. 25% were moderate on this subject. Majority, amounting to 54.41% showed confidence on the matter while another 25% disagreed with feeling secure about not losing their job. It need to be reemphasized that the necessity of employees feeling secure is very important for the banks. To the researcher, in a field that has proven to be very attractive and highly anticipated by those eager to enter the job market, it came as a surprise that a lot of people feel that they are not at a threat of losing their jobs. This can be attributed to best practice and good policy of the banks in mention. It is a good development as employees who do not have fear of losing their jobs are in a

better position to register higher levels of satisfaction as this improves their performance and allows them to work with ease and a general feeling of contentment.

The question on skill application also backed the assertion made in chapter one about the job market in Malawi in relation to banks. Whereas 28.57% were moderate, less than half (37.15% to be precise), agreed to being able to apply their learnt skills. In fact, only 12.86% expressed maximum agreement on the matter. 34.29% indicated that they are not able to apply their learnt skills and abilities at the workplace. Reasons for this have already been discussed in the first chapter. As SHRM showed, this is arguably the most important determinant of employee satisfaction. High level of disagreement is alarming as it will be shown later that in as much as this aspect affects satisfaction, it is a factor that is linked heavily also to commitment. Analyzing individual surveys also showed that most of the people who expressed low overall satisfaction also indicated the lack of ability to apply learnt skills, further confirming the assertion made in chapter one on *intra-economy brain drain*.

All in all, the results on satisfaction showed that the levels of employee satisfaction are quite good in regards to the banks that were involved. With a few hiccups here and there that can be addressed by policy within the banks, it is imperative that the human resource managers take into account the general weaknesses that have been shown, the primary one being the relationship between employees and management.

4.2 Findings of commitment

This section addresses the finding of the survey in relation to commitment. It goes into detail about the six questions based on Meyer and Allen that were contained in this part.

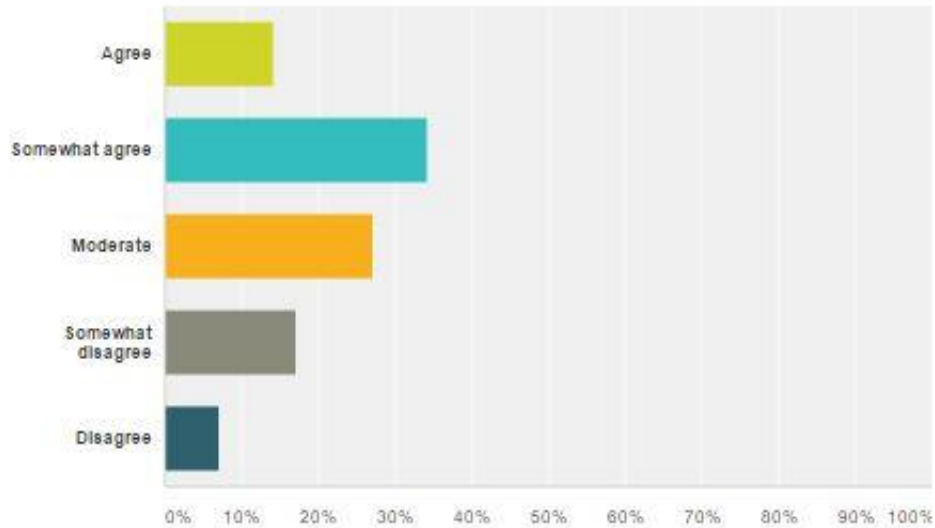


Figure 4.12: Employee sense of belonging

The first question in the commitment section, which is number 7 (Q7) in the whole survey was on the employees sense of belonging. This is a criterion used as a measure of affective commitment, a concept which has been discussed in both chapters 2 and 3. It aims at looking into the extent to which individual employees feel that they belong to their particular company. In other words, it asks the question, “Do you or do you not feel at home?” It can also be looked at in the light of what was previously discussed pertaining to Maslow’s hierarchy of needs. In the findings, it was noted, as can be seen in figure 18 above, that in as much as 27.14% were moderate on the matter, the majority, which represents 48.5%, were affirmative. Leaving 24.28% who disagreed to feeling a sense of belonging. The idea of belonging can be surrounded by a lot of issues that feed into it. It is a factor that can be influenced by both situational and dispositional element. However, it is a vital contributor to the analysis of affective commitment.

The second question in the section, which was Q8 in the whole survey addressed the issue of job attachment or the extent to which a particular employee feels enthusiastic about their job. The findings were as depicted in figure 19 below.

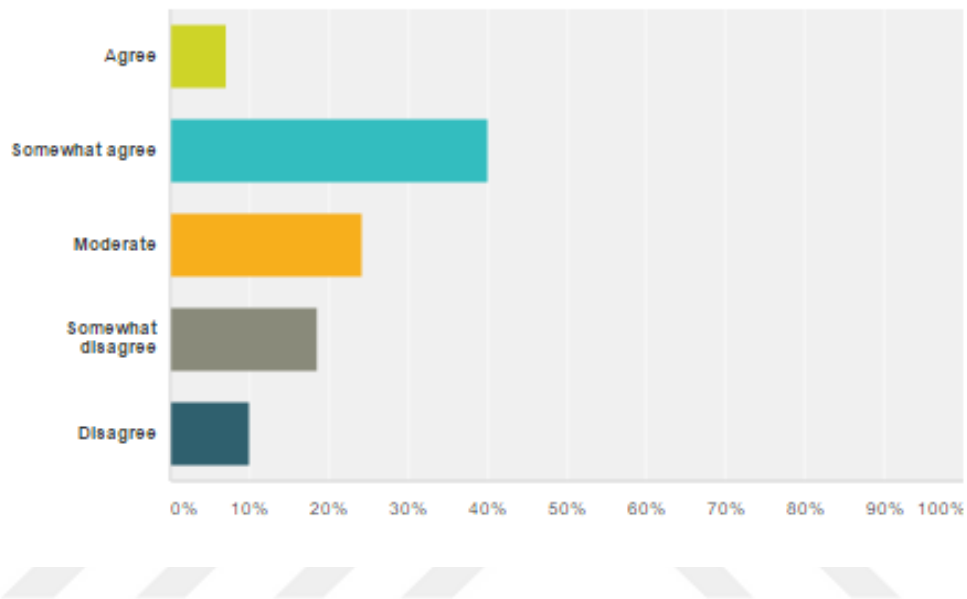


Figure 4.13: Employee job attachment level

The survey found that just as in Q7, the majority of the respondents had favorable feedback on the issue of having personal attachment to their jobs. With 24.29% being moderate, the bulk which represented 47.14% leaned towards positivity with 7.14% reporting highest levels of agreement. Again, this criterion is an imperative indicator. For an individual to attain commitment, there is need for them not only to like their job, i.e. their current assigned tasks and responsibilities, they also need to feel to feel a certain level of attachment to it. This will ensure that the job is a central part of their lives and that they are always looking forward to it. Positivity in this area can probably be highly linked to low absenteeism and higher levels of dedication. This can in turn also lower the turnover rate. Q8 led to Q9 which looked into the question of how proud the employees to tell others that they work for their bank. The results were as in figure 20 below:

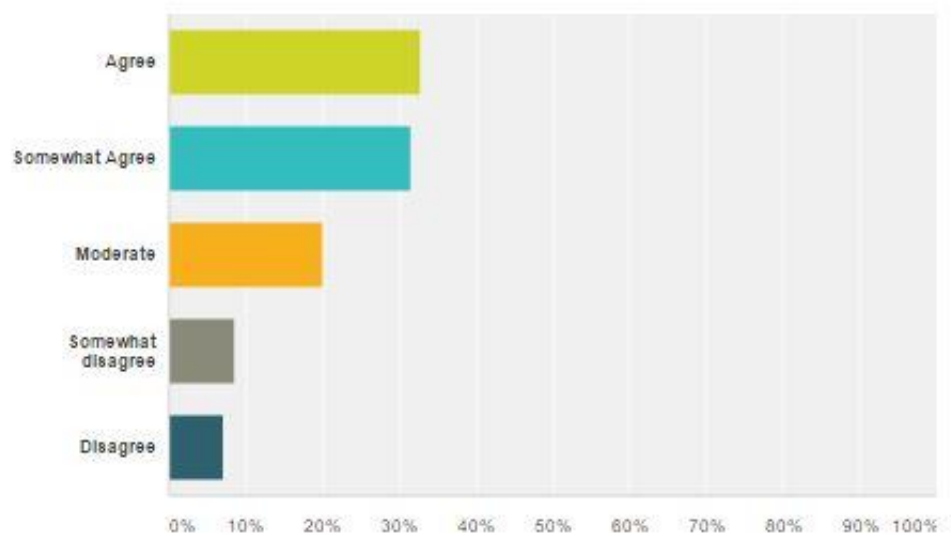


Figure 4.14: Employee sense of pride

The results go further to confirm the assertions made in chapters 1 and 2 about the attractiveness of working in the banking sector. People who are employed in the sector understand that they are the envy of a lot of people who are constantly looking for openings to penetrate into the banks. This explains why 64.04% of the employees expressed their agreement with this matter. With 20% being moderate and only 15/17% disagreeing, it is a good indicator of affective commitment. Employees are only proud to tell others that they work for a certain organization if they have a certain level of commitment. It is an indicator of their unwillingness to leave and desire to stay. This, however, does not address how they employee feels about their job as it is more concerned with the outlook of the organization as a whole.

Q10 was a question on how much personal meaning working for the organization has for the employee and the findings were as illustrated in figure 21. This deals with how much the employees regard their work in relation to the rest of the areas in their lives. Analysis of the results will show that most of the respondents from the three banks chose to remain moderate on the matter. This is understandable as per the expectations of the researcher, it is rather difficult for the employees to strongly agree that their work carries very huge importance in their whole lives. Even though this was the case, there were 27.95% more people who were affirmative than those who leaned on the negative side. Those who disagreed amounted to only 11.76%. All in all, the results were quite favorable and a good indication that at least a lot of employees in the bank regard their jobs as being important elements that constitute their lives. Figure 21 illustrating the findings is given below:

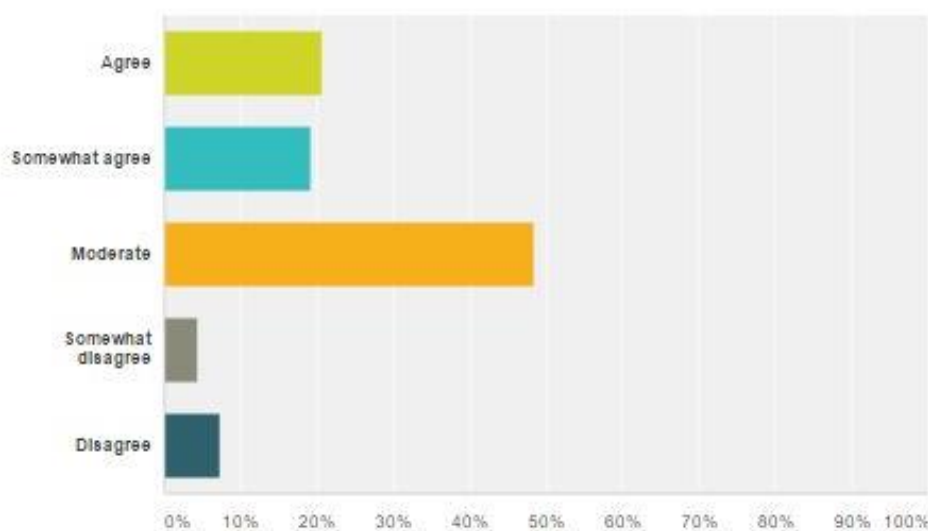


Figure 4.15: Personal meaning of job

Q11 on the other hand, is the only question in the whole survey in which the respondents showed a high level of disapproval. The question asked was whether they would be happy to work for their organization until they retire. 37.14% were moderate whereas 42.85% disagreed. Leaving the percentage of those who agreed being at only 20%. The researcher noted that this is highly related to the age group of the

respondents. As it was earlier shown earlier, 48.57% of the respondents were between the ages of 23-30. This is in the range of those who disagreed on the matter. As expected, younger people, no matter how satisfied or committed they may feel at their organization, they would hesitate to say that they want to stay until they retire. The reasons for this may vary widely. Older people in the analysis showed high levels of affirmativeness.

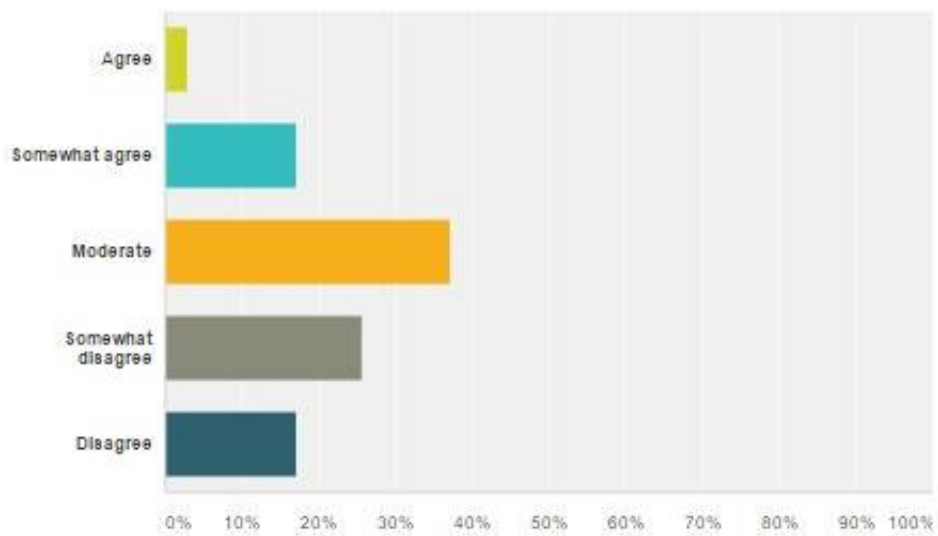


Figure 4.16: Willingness to work until retirement

Q12, the last question in this section, was about the extent to which employees feel that the problems faced by their organisation are also their problems. Employees who are committed to the goal and objectives of the organisation are expected to identify the goal and objectives as being part of their own. By the same token, this measure is used to determine if the employee can regard the problems of the organisation as affecting them on a personal level. An entrepreneur, for instance, would highly regard the problems faced by his/her organisation as being their own. This indicator seeks to try to analyse the same feeling in regular employees. The results are presented in figure 4.17.

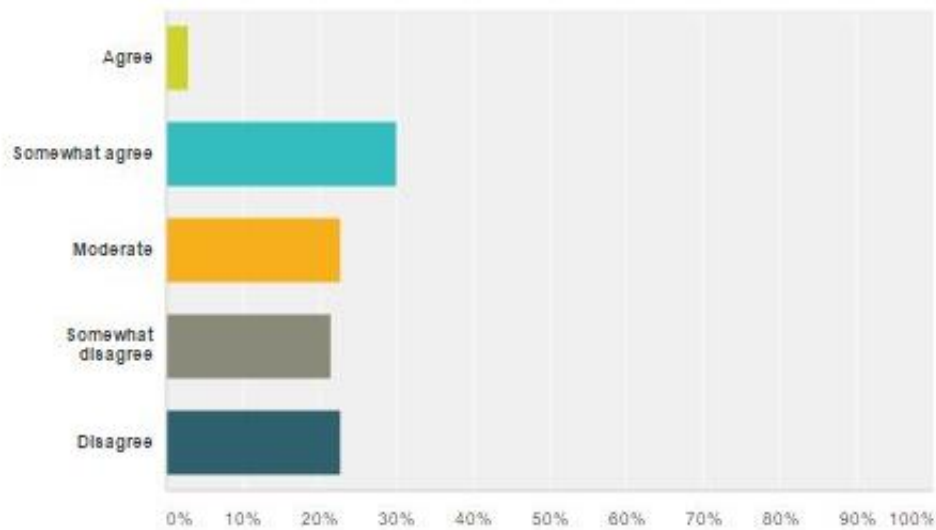


Figure 4.17: Employees regard of organizational problems as their own

44.29% disagreed in this regard whereas a total of 32.86% were affirmative. This left 22.86% as being moderate. Therefore, it can be seen that 11.43% more people disagreed against those that agreed. It should also be noted that majority of those who agreed were moderate in their agreement whereas a larger portion of those in disagreement showed the highest level of disagreement. This is probably because most employees would regard this as letting their work get into their personal life and hence are quick to differ with the statement.

4.3 Comparative Analysis

This section is a comparative analysis between different factors that have been observed after the study. Focus is made on addressing the five objectives of this thesis as mentioned in chapter one and also providing imperative information on how the different factors relate to each other. It also goes further to recapitulate the observations made in regards to the relationship between employee satisfaction and organizational commitment in NBS, NBM and FMB. It should be kept in mind that some comparative

analysis has already been made in the above sub-topics which will also be used to relate to some of the issues to be presented henceforth.

Firstly, one important observation that was made was that the five factors adopted from SHRM and included in the survey as leading to satisfaction indeed do so. There was a strong correlation between all the five factors and overall satisfaction. However, analysis shows that the ability to apply learnt skills and abilities is of primary importance and perhaps the greatest factor contributing to the overall satisfaction. Figure 24 is a representation of how ability to apply skills and capabilities is related to the overall satisfaction. It is thus observed that employees who are dissatisfied with the lack of opportunity to apply their learnt skills also report lower levels of satisfaction. An individual who has developed technical skills through acquired formal education or just mere interest is more likely to report low satisfaction, *ceteris paribus*, if his/her current job is divergent from the line of learnt skills and/or capabilities

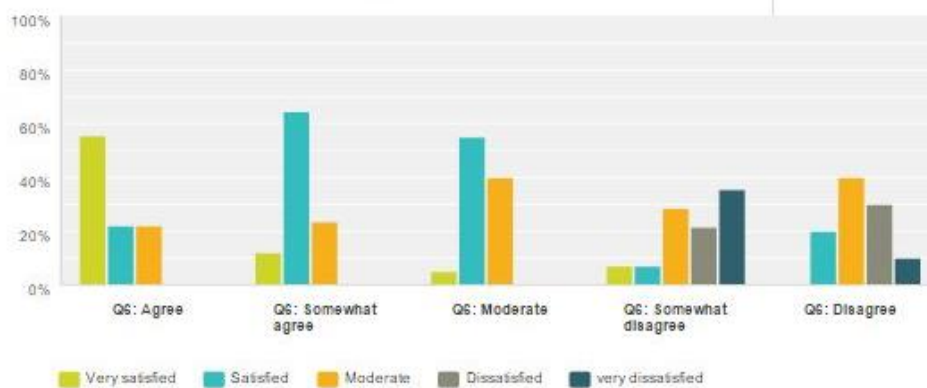


Figure 4.18: Relationship between ability to apply skills and overall satisfaction

Note that Q6 represents the statement: My current job allows me to apply my learnt skills and abilities.

From the onset, it can be clearly seen that 55.56% of the people who agreed to the statement also reported the maximum level of overall satisfaction. Of those who agreed, 22.22% reported moderate satisfaction while another 22.22% were moderate. None of the respondents who agreed to the statement (0%) reported moderate dissatisfaction and extreme dissatisfaction. Looking at the very end of the table, it is clearly appreciated that 0% of those who disagreed with the statement reported high level of satisfaction whereas 40% claimed moderation and another 40% reported dissatisfaction. All these findings show unambiguously the relationship between overall satisfaction and the ability to utilize learnt skills and abilities.

By the same token, a very strong correlation between the overall satisfaction and salary satisfaction was also observed. This indicated that even though it is still arguable if salary is the most important factor that makes up how satisfied an employee is, it still carries a lot of weight. A good compensation enables an employee to fulfil his/her basic needs and pave way for the individual to be less worried about money and be more focused on the other things that constitute satisfaction. In a scenario like the Malawi banking sector, if the three banks in the case study offer compensation that is in the norm with industry averages, then the human resource departments should be more concerned with other factors. However, it is evident that in the absence of commitment and all other factors held constant except remuneration, an employee is very likely to move to the highest paying organization when the opportunity presents itself. Figure 25 below shows the correlation between overall satisfaction and salary.

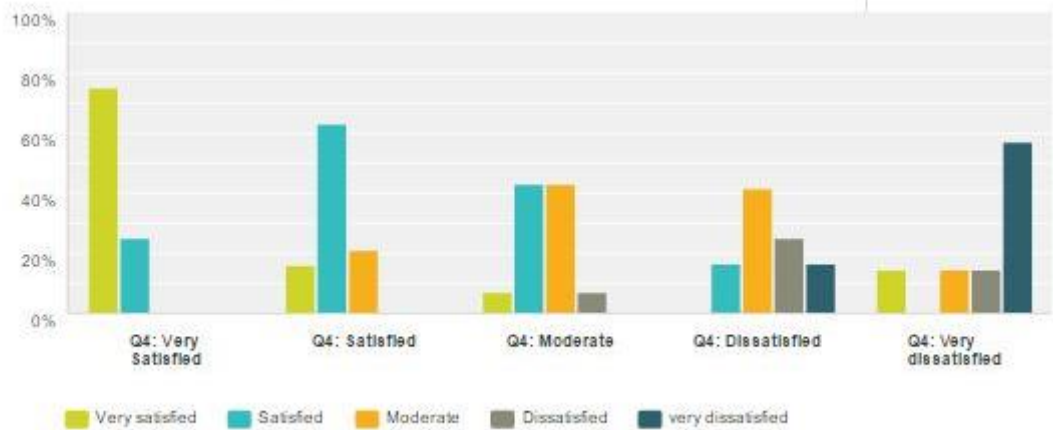


Figure 4.19: Relationship between overall satisfaction and salary

Note that Q4 represents the question: How satisfied are you with your salary?

From the above figure, it can be noted that all the respondents who agreed to having satisfaction with their salaries also agreed to having overall job satisfaction with 75% of them actually confirming strong job satisfaction and 25% showing moderate satisfaction. On the other hand, 71.43% of the respondents who said they were dissatisfied with their salaries also reported overall job dissatisfaction. The correlation is therefore very high in this aspect and should not be ignored by those in a position of making policies in human resource departments of the said banks. It is imperative to always be conscious to research showing industry averages of salaries so that employees are kept content and ensured that if anything, issues should arise from things that do not have anything to do with remuneration.

Through analyzing individual responses, the research has also been conclusive in establishing that there is indeed a strong relationship between satisfaction and commitment. It was noted that majority of the respondents in the survey were satisfied with their employment and also majority were overall committed to their companies. The levels of both satisfaction and commitment in the three banks proved to be quite encouraging. The researcher noted that the respondents who showed low satisfaction also proved to have moderate or low levels of commitment with a majority of them showing low levels of commitment. Hence, the positive correlation between the two

factors was quite evident. It should however be mentioned that in as much as the research was able to establish the link between the two factors, it was not very conclusive with the issue of causation. Even though it can be largely speculated that satisfaction is what leads into commitment, the researcher feels there is still a lot of room for extra study in this area as even the literature reviewed in chapter 2 was also not very conclusive. Researchers have failed to reach a consensus on the matter.

Another point to be reemphasized is that the type of commitment considered in this research was limited to affective commitment. Nevertheless, it can still be a reflection of normative and continuance commitment. Bear in mind that the researcher regards affective commitment as being the most crucial of the three. This is so since it is the type of commitment that ensures that an employee stays with the company because they want to do so and not because they feel a certain need or obligation. Therefore, the positive correlation between affective organizational commitment and employee satisfaction can be regarded as a pointer to likely correlation involving normative and continuance correlation. Further to note that is that even though this is the assertion, it can be applied more to continuance commitment than normative commitment for two reasons. Firstly it is because as shown in chapter 2, normative commitment has been discussed by researchers as existing regardless of how much satisfaction or dissatisfaction one gets from the job. The second reason is that normative commitment has also proven to be the least prevalent of the three hence given the minimal attention in studies.

5 CONCLUSION

All in all, the research has addressed all its objectives as stipulated in the first chapter. It has gone in depth in discussing the main elements which are employee satisfaction and organizational commitment. It has discussed them in the light of being two very distinct notions which are imperative to the success of organizations in as far as human resource management is concerned. It has also touched on important issues such as turnover rate and motivation. In addition to presenting a relevant case study which has a lot of room to be worked on for further research, it has linked theories found in various literature with the current trends as observed from the three banks that were selected. The research not only has the effect of acting as a benchmark for other banks in the industry but can also act as a reference point for organizations in other industries that are also concerned about improving these important issues in their respective companies.

As to the point of what leads to satisfaction, the five factors discussed; that is, the ability to apply learnt skills and abilities, salary levels, the relationship between employees and immediate supervisors, the relationship between employees and management and job security, have been identified as some if not the five most important factors that lead to employee satisfaction. The factors should therefore be given a lot of attention by both the banks mentioned in the case study, the rest of the players in the industry and even other organizations that are outside the scope of the target group. Again, it should be mentioned that out of the factors discussed, salary level and the ability to apply learnt skills and abilities have been identified as the most fundamental. This assertion is backed by SHRM.

A particular emphasis was also placed on the observation that one of the reasons that leads to lower satisfaction levels is when the employees are not able to apply their learnt skills and abilities. The issue of graduates holding positions that have nothing to do with what they studied in university is a very prevalent cause of dissatisfaction among employees. This has been attached to issues of the monetary attractiveness of banking jobs and other contributing challenges on the job market such as nepotism.

It has also been discussed that satisfied employees are more motivated. This motivation leads to better performance which in turn adds value to the company by heightening productivity, improving customer satisfaction and generating more income. Satisfied employees are the best advertisement for a company. They reflect a picture to the outside world of how healthy the company is from the inside. This can perchance make the organization more trustworthy and bring more business to the table. Bearing in mind that one of the most important things discussed was the difference between situational and dispositional factors that lead to satisfaction, the thesis also advises that managers should understand that there are somethings which are beyond their capability to change. This is in the case of the employee who will most probably always be dissatisfied wherever he/she goes. There are a lot of people out there who have an entrepreneurial spirit and hence would hardly ever be content being regular employees.

Another point that has been appreciated is that turnover is a very big concern for companies such as banks as replacing an employee can be very costly. The notion of turnover is highly linked to both satisfaction and commitment. It has been said that the research observed a strong correlation between employee satisfaction and organizational commitment. However, as the example of google was given (which has a high employee turnover rate), in some isolated cases, satisfied employees may not always have high levels of commitment to the organization if it is missing some important things in its policy. It would not be correct to assume that the relationship between employee satisfaction and commitment is always positive. On the other hand, as Clugston (2000) and Mathieu and Zajac (1990) agreed, research has shown a negative relationship between both satisfaction and commitment against turnover.

Meaning that as satisfaction and commitment increase, turnover should decrease and vice versa. Satisfied and committed employees are less likely to leave an organization thereby saving the organization a lot of money in employee replacement costs.

In as much as the relationship between employee satisfaction and organizational commitment was established, this research, just like majority of research on the subject has not been conclusive on the issue of causation. There are varying opinions although most of the literature leans towards the assertion that it is employee satisfaction that leads to organizational commitment among other factors. However, for the purpose of understanding, it is better to treat these factors as distinct from each other and to try to understand them independently before trying to establish a link between them.

Furthermore, it has been shown that it is often wrongly assumed that remuneration is the most important factor that leads to satisfaction. Even though it is one of the most important factors, it should not be regarded as the most crucial as other factors have proved to carry more weight. This may have been true at a certain point in time but with the increasingly changing economics of the world and education levels, the dynamics have changed greatly.

Also discussed was the issue of dispositional and situational factors that lead to satisfaction. It has been asserted that managers should focus on situational factors as these are the ones that they stand a chance to change. Dispositional factors have been shown to have an influence but on a more personal level. There are some people who will easily find satisfaction in what they do in life no matter what it is. They are naturally passionate and curious people. Whereas some individuals will always find it difficult to derive satisfaction from any job that they do. An example was given of entrepreneurs. These individuals would most likely never be satisfied working as ordinary employees unless they are doing something on their own whereas some people only find satisfaction when they work under order/directions.

6 RECOMMENDATIONS

The importance of employee satisfaction and organizational commitment cannot be over emphasized. In a country such as Malawi, in regards to the economy's existing state of affairs and the general trends on the job market, it is quite essential for organizations to properly comprehend the factors that lead to employee satisfaction, the factors that lead to organizational commitment, and generally how the two main principles are related. It should be realized that this research has been but a small contribution to the knowledge that already exists on the matter. However, as far as Malawi is concerned, especially with the banking sector, there seems to be a lot of room for further advanced research that can contribute generally for the existing knowledge and aid in improving where need be.

- Different organizations need to be open to conducting frequent surveys on the matter and be able to provide such information to secondary parties for academic research. It should be noted that academic research aims not at jeopardizing the company's image but rather at attempting to scrutinize holistic measures that can be applied to the industry in particular or economy as a whole. It is highly recommended that surveys on issues of satisfaction and commitment be conducted as often as possible to allow proper analysis of trends which can assist in coming up with better conclusions for analyses since it will be carried out over a long period of time. This will ensure higher levels of reliability and validity.
- Understanding human behavior is an enzyme to better human resource management skills. The human resource departments of NBS, NBM and FMB

need to task themselves towards accumulating as much information as possible on the subject matter so as to help them have an in-depth understanding of the problem so as to aid them in laying out the necessary effective policies that can be laid in place to achieve goals. Academicians within Malawi also need to do more research on the ground in order to contribute to the study. Students of business, psychology and other related fields are also recommended to conduct further study that can be constructive and contributive.

- As it has been seen that there is a lack of consensus among scholars on certain issues, an emphasized example being that of causation between employee satisfaction and organizational commitment, it also goes further to show how important further study is required. Another recommendation is the diversification of industries and type of economies when it comes to the scope of the study. It is well possible that trends may be different depending on the economic doctrines followed by countries. Another possibility is that results may vary according to the industry in which the employees are involved.
- Extensive research has already been done in the area therefore providing a lot of benchmarks for anyone who wants to study these principles. The literature which has been discussed in this thesis is highly recommended as a basis for the understanding of the notions of employee satisfaction and organizational commitment. It is also important for the study of related issues such as turnover and motivation. For the case of Malawi, this thesis can also be used as one of the benchmarks and as a very important source of information relating to the subject matter especially in the study that has to do with Malawi.
- There is need for organizations to ensure that they are paying their employees well while observing the industry averages. This is in an effort to ensure that employees are provided with basic needs so that the managers can put more focus on improving other areas. When employees are not paid well, it becomes very difficult for them to be committed to the organization as they will be more concerned about acquiring basic needs such as proper shelter and food. As far as the banking sector in Malawi is concerned, it can be rightly concluded that

the remuneration is very fair as compared to other industries. As the research showed, a significant amount of employees seem to be satisfied with their salaries.

- It should also be highly recommended that organizations tackle the issue of nepotism as it is very poisonous to the overall potential of the organizations. Eliminating nepotism can highly improve productivity, satisfaction and commitment. When employees are hired simply because of family ties, they end up being placed in positions that they are not qualified for or they are not interested in. This is because such employees are usually taken in just for the money. This leads to low productivity as such employees are largely expected to underperform and not be very interested, satisfied or committed. It also puts human resource departments in a position whereby they are hesitant to apply the right policy to improve the organization.
- In order to heighten both employee satisfaction and organizational commitment, organizations need to place a lot of focus on ensuring that the right people are doing the right jobs. In other words, the employees need to be able to apply their learnt skills in the respective jobs that they do. This is also related in part to the above mentioned issue of rooting out nepotism. Being able to do what you have learnt and love to do dramatically increases the levels of satisfaction and/or commitment.
- Managers need to understand the difference between dispositional and situational factors that lead to satisfaction and commitment. As it has been discussed, understanding of this will help managers know on what factors to focus their attention. After noting the dispositional factors and understanding that there is little or nothing that can be done to change them, managers will be in a better position to identify the situational factors on which to focus their attention. Dispositional factors are intrinsic factors that have more to do with the psych of the individual while situational factors are extrinsic factors that can be altered with greater ease.

- Organizations should also be encouraged to use the services of independent experts when it comes to tackling issues of satisfaction and commitment improvement. The experts can be in a better position to address issues of recruitment; that is ensuring that the right people are placed in the right jobs, improving conditions in the company so as to improve overall satisfaction and commitment and eliminating nepotism which has been shown to be a deterrent of overall satisfaction and commitment.
- The final recommendation would employees who are concerned about deriving maximum levels of satisfaction from their current employment. They need to realize that at the center of this notion lies not the amount of money that appears on their pay slip. In order to experience higher levels of satisfaction, people need to go for jobs which they are interested in or in which they received training. The misconception that money will compensate for everything is what can lead to low performance and dissatisfactory career paths. Individuals also need to properly understand other factors that lead to satisfaction and commitment. They need to know that being committed to an organization can also be very beneficial not only to the organization but also to themselves.

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APPENDIX

Evrak Tarih ve Sayısı: 01/08/2016-4737



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Enstitümüz Y1412.130036 numaralı İşletme Ana Bilim Dalı İşletme Yönetimi(İngilizce) Tezli Yüksek Lisans programı öğrencilerinden RAPHAEL MAHMUDU LALI'nın "THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND ORGANIZATIONAL COMMITMENT: THE CASE OF MALAWI BANKING SECTOR" adlı tez çalışması gereği "Employee Satisfaction and Commitment Survey-Malawi Banking Sector" ile ilgili anketi 18.07.2016 tarih ve 2016/12 İstanbul Aydın Üniversitesi Etik Komisyon Kararı ile etik olarak uygun olduğuna karar verilmiştir.

Bilgilerinize rica ederim.

Yrd. Doç. Dr. Çiğdem ÖZARİ
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