

Factors Influencing the Quality of Work Life in the Indian Banking Industry – An Empirical Study

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Abstract. The current study aims to explore the various factors that influence the quality of work life in the Indian banking industry. Data was conveniently collected from 235 professionals working in the banking industry. Exploratory factor analysis revealed five factors, which significantly influence the quality of work life: remuneration, opportunities for personal growth, supportive leadership and structures, work environment and work-life balance. It is therefore suggested that when attempting to draft retention programmes for employees working in the Indian banking industry, these five factors must be kept in mind.

Keywords: Quality of Work Life, Motivation, Banking, Factor Analysis

1. Introduction

In the life of a working individual, the quality of work life holds prime importance. Over a period of time, numerous opportunities have been created in the corporate world, each offering a more conducive work environment to the employee than the last. This has given rise to employee expectations, which coupled with the acceptance of the importance of employee retention, has forced employers to think even about the minutest of parameters which influence the quality of work life.

Though the quality of work life has always been of paramount importance, its significance came into realisation during late 1960's, when various researchers (Lawler and Porter, 1966) expressed their viewpoints emphasising the importance of understanding the factors influencing work life and its behavioral impact on performance of individuals. Since then organizations have been continuously striving to understand the determinants of quality of work life (Glasier, 1976; Elizur and Shye, 1990).

For different industries, organizations and individuals there exist different set of factors, which influence the quality of work life and in turn motivate or demotivate the employees. A study of these factors is of extreme importance since a direct relationship between quality of work life and motivation, and motivation and productivity is known to exist (Danna and Griffin, 1999). Further, an in depth comprehension of these factors can also help in reducing the ever escalating levels of conflict and subsequently attrition in the workplace (Li and Yeo, 1979).

In comparison to the other industries in the country, the Indian banking industry has a very high attrition rate (averaging between 17 and 25 percent, as against the average 8 percent of all industries considered together for financial year 2011-12, www.business-standard.com/india/news/india-inc-may-see-attrition-rates-as-high-as-31/164041/on). It is felt that an analysis of the factors that influence the quality of work life of the individuals employed in the Indian banking industry can serve as a substantial input into the design of effective retention programs for this sector. This provided the necessary impetus for conducting the present study.

2. Literature Review

Various researchers in the past have explored the factors that influence the quality of work life (Elizur and Shye, 1990). Although early researchers on the subject did not make a distinction between job satisfaction and quality of work life (Lawler and Porter, 1966) the term was later redefined to include factors, which lead to subjective well being too, D. R. Adhikari (1979)

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Hackman and Oldman (1976) explored various facets and models and studied quality of work life in relevance to psychological growth needs. They proposed that skill variety, task significance, autonomy, task identity and feedback need to be studied for fair evaluation. In contrast Taylor (1979) took intrinsic and extrinsic factors into consideration while investigating the factors, which determine the quality of work life.

Further, Glasier(1976) evaluated the quality of work life on the basis of good working conditions, job security and adequate and fair compensation, as against T.mills (1976) who connected quality of work life with quality of relationships with the employees and working environment in the wider context of human, economic and technical factors.

From a different perspective, Runcie (1980) took perception into consideration. He established how positive perception facilitates an organization in improving working conditions, production and quality. He further added that an appropriate, fair and defined structure helps quality of worklife to grow and evolve.

The more contemporary researchers have expressed quality of work life as a function of job requirement, work environment, supervisory behavior and ancillary programs (Sirgy et. al., 2001). It can therefore be safely inferred that different authors differ in their views regarding the core constituents of quality of work life and hence quality of work life is not a unitary concept, rather it is an amalgamation of a hierarchy of factors which not only cover work based factors like job satisfaction, pay and relationships with colleagues, but also factors which inculcate life satisfaction and general feelings of well being (Danna and Griffin, 1999).

3. Study Objective

The present study is an attempt to conceptualize the various factors that influence the quality of work life in the Indian banking sector.

4. Questionnaire Development and Pretesting

On the basis of review of literature, a questionnaire consisting of 28 variables, which potentially influence the quality of work life was prepared. The responses of the respondents (concerning the importance of these variables in determining the quality of work life) to these variables were anchored on a five point Likert scale.

The questionnaire was pretested for validity and clarity on respondents conveniently selected from the relevant population.

5. Administration of Questionnaire

Following pretesting, the questionnaire was conveniently administered to 250 respondents, working at different hierarchy levels in the public and private sector banks in Chandigarh, Punjab and Haryana (one union territory and two states in India). At the end of the survey however, only 235 usable questionnaires were obtained.

Table 1: Demographic profile of the respondents

Gender	
Female	44.25 percent
Male	55.75 percent
Age	
Less than 20	05.10
20 to 35	61.27
35 to 50	27.23
50 to 60	06.38
Above 60 years	0.00

The demographic profile of respondents is presented in table 1. As far as the gender split of the respondents is concerned, it can be seen that 55.75 percent of the respondents are male and 44.25 percent female. Coming to the age of the respondents, only 5.10 percent of the respondents were less than 20 years in age, 61.27 percent of the employees were in the age group of 20 to 35 years, 27.23 percent between 35 and 50 years and only 6.38 percent in the age group of 50 to 60 years.

6. Methodology

The collected data was reduced with the help of factor analysis. The extraction method used was Principal Component Analysis, followed by Varimax with Kaiser Normalization. The Kaiser-Meyer-Olkin measure of sampling adequacy worked out to .824 (refer to table 2), clearly establishing the reliability of the constructs (Malhotra, 2007). The results of factor analysis are shown in table 3.

As can be seen from table 3, a five-factor solution emerged. Only those factors which had an Eigen value of greater than 1.0 were retained. Also the variables, which clearly loaded on one factor, with loadings of greater than 0.5 were retained (In the final analysis, one of the 28 variables, failed to significantly load on any of the factors. It was thus excluded from the analysis).

7. Data Analysis and Discussion

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.824
Bartlett's Test of Approx. Chi-Square Sphericity	505.529 120 .000

Table 3: Quality of work life: factor analysis

Factor number and name	Eigen value	Cumulative variance (%)	Scale items	Factors				
				I	II	III	IV	V
Factor I Remuneration	4.116	23.17	Being paid according to individual capabilities, knowledge and experience	.919				
			Taking market rates taken into consideration while determining remuneration	.817				
			Adequate compensation for overtime	.707				
			Free transport facility to the employees					
			Accommodation facility to employees	.613				
			Payment of salary in the probation period	.606				
			The facility of contributory provident fund	.600 .517				
Factor II Opportunities for personal growth	3.234	39.18	Innovation		.818			
			Training regarding latest techniques to improve job performance		.789			
			Opportunities to upgrade skills/knowledge		.745			
			Job rotation and enrichment					
			Fair and transparent appraisal system		.675			
Career advancement opportunities		.515 .502						
Factor III Supportive leadership and structures	1.883	43.23	Full clarity of responsibilities, duties and accompanying authority			.689		
			Quality of supervisory support/ cooperation of seniors			.634		
			Involvement in decision making			.623		
			Appropriate organizational structure					
			Existence of a democratic set up wherein concerns/demands can be raised			.567		
			Tolerance for mistakes made by the employees			.524 .512		
Factor IV Work environment	1.345	52.16	Hygienic working conditions				.682	
			Low level of stress				.670	
			Safety and health policies				.652	
			Equality at the workplace				.550	
			Respect and dignity at the workplace				.510	
Factor V Work-life balance	1.146	64.12	Flexible leave policy					.602
			Sufficient time to spend with family					.564
			Flexible working hours					.501

Factor 1: Remuneration

The most important factor that emerged out of the analysis is ‘remuneration.’ The Eigen value of the factor is 4.116 and it has seven variables loaded on it. This factor establishes that the most important determinant of the quality of work life is remuneration. The respondents feel that their pay and perks should be in proportion to their skill set and knowledge base. They also expect salaries at par with the prevalent market rate. Further, they also expect to be paid for overtime and during probation period. Perks like free transport, free accommodation and provident fund are sought.

Factor 2: Opportunities for personal growth

With the intense competition in the banking industry, personal growth and advancement are an important prerequisite to a good quality of work life in this industry. This factor establishes this argument .After a handsome remuneration, bank employees in India seek opportunities for personal growth .The variables loaded on this factor clearly indicate that employees consider training in latest techniques, skill up gradation and fair appraisal of their performance as important variables influencing the quality of work life.

Factor 3: Supportive leadership and structures

In sync with the findings of the study conducted by Runcie in 1980, the present study also points out a good quality of leadership and streamlined organizational structures as an important determinant of the quality of work life. All the six variables loaded on this factor are indicative of the same. Employees are looking for a clear delineation of their duties, responsibility and authority. They also appreciate involvement in decision-making, availability of a forum where they can voice themselves and leniency in case of mistakes made.

Factor 4: Work environment

Previous research on work environment and quality of work life is indicative of a significant and positive relationship between a good work environment and quality of work life (Sirgy et. al., 2001). The current study reinforces the same. The five variables loaded on the current factor, clearly indicate that a good work environment improves the quality of work life. Bank employees in India seek hygienic work conditions, low levels of stress, good safety and health policies, equality and dignity of labour. Ensuring that the work environment provides these to the employees will significantly help in improving employee morale and hence work satisfaction.

Factor 5: Work life balance

An individual needs to create an effective balance between his personal and work life. Ensuring that an employee has adequate leisure time and opportunities to spend quality time with his family will definitely improve the quality of work life.

8. Conclusion and Suggestions

The findings of the current study have been consolidated in the form of the following model (refer to figure 1).

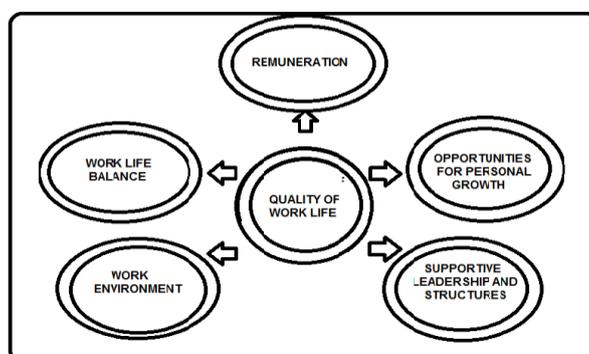


Fig. 1: Determinants of quality of work life

The current study clearly brings out appropriate remuneration, opportunities for personal growth, supportive leadership and structures, work environment and work life balance as the five factors which most significantly influence the quality of work life and hence the morale and motivation levels of the employees engaged in the Indian banking industry. It is therefore suggested that while drafting retention policies aimed at tackling the high attrition rate of this industry these five factors must be kept in mind.

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