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A Study of the Relationship Between Job Satisfaction and Financial Performance in Pennsylvania Community Banks

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A STUDY OF THE RELATIONSHIP BETWEEN JOB SATISFACTION AND
FINANCIAL PERFORMANCE IN
PENNSYLVANIA COMMUNITY BANKS

A Dissertation

Submitted to the School of Graduate Studies and Research

in Partial Fulfillment of the

Requirements for the Degree

Doctor of Education

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August 2014

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Title: A Study of the Relationship Between Job Satisfaction and Financial Performance in Pennsylvania Community Banks

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This study explored the relationship between job satisfaction and financial performance in Pennsylvania community banks with less than \$2 billion in total assets. The research sample included five banks that consistently achieve high earnings and four banks with consistent low earnings results. A calculated four-year average return on equity (ROE) for each participating institution was used to divide participating banks into high and low performance groups. The study determined whether differences existed between overall job satisfaction and specific sub-facets of job satisfaction between the two groups. The research also examined the degree of correlation between earnings performance and job satisfaction among participating banks and assessed the impact of respondent demographic data on overall job satisfaction levels. The Abridged Job Descriptive Index (AJDI) and Abridged Job in General (AJIG) survey scales were used to measure levels of job satisfaction. To determine whether differences in employee satisfaction levels existed between the performance groups, data from the AJIG and AJDI scales were analyzed using independent-samples t-tests. The independent variable was performance group and the dependent variable was the level of satisfaction with the job in general and with job sub-facets. The t-test results indicated a significant difference between the two groups at the .01 level for overall job satisfaction ($p = .00$) and the sub-facets of Work ($p = .00$), Promotion ($p = .00$), and People ($p = .00$) however practical

effect implications of these differences were small. Two-way between-groups ANOVAs were conducted on the survey data with independent variables of performance group and demographic traits and a dependent variable of respondent job satisfaction levels as measured by the AJIG scale. The ANOVAs revealed interactions between performance group and job level ($p = .00$) and performance group and job tenure ($p = .01$). Age ($p = .00$), Job Level ($p = .00$), and Job Tenure ($p = .00$) also each had significant main effects but with small practical effect. The Pearson correlation analysis revealed a strong positive correlation ($r = .75$) between bank profitability (ROE) and employee job satisfaction scores. Both practical and future research implications are discussed.

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CHAPTER I
INTRODUCTION

Background

Most organizations are comprised of several different groups that have a vested interest in their strategic and operational success. These groups of interested parties are typically referred to as “stakeholders.” Stakeholder groups in commercial enterprises usually consist of the organization’s owners, customers, and employees. Although all three groups have a significant influence on the success of an organization, ultimately, organizations can only operate within the capabilities and limitations of their employees. Therefore, it is essential that organizations attract employees that are capable of anticipating organizational needs and implementing organizational objectives and strategies. Morrell, Loan-Clarke, and Wilkinson (2004), state that human capital is one of the most significant determinants of a firm’s success. Since human capital is of such importance to most organizations, the relative level of employee job satisfaction is of significant concern. Employees that are more satisfied with their jobs, are more likely to perform better and assist the organization with achieving its strategic objectives (Judge, Thoresen, & Bono, 2001; Miller, Erikson & Yust, 2008; Moynihan & Pandey, 2007).

Since the ability of an organization to accomplish its stated goals and objectives is at least partially dependent upon the capabilities and resources of its human capital, the ability to recruit, develop, and retain highly motivated employees is an essential characteristic of any successful organization. It’s not all about the organization however. Employees work to accomplish personal goals and fulfill personal needs as well as to accomplish the stated mission and goals of the organization. If an organization is

successful at motivating its employees to achieve organizational objectives better than competing organizations in a manner that also provides opportunity for personal satisfaction to the employee, it will have created a competitive advantage compared to its peers (Labovitz and Rosansky, 1997).

Statement of the Problem

Banking is a highly competitive industry and has experienced significant consolidation in the past few decades. The Federal Deposit Insurance Corporation (FDIC) reports that the number of insured financial institutions in the United States has declined by approximately 30% from 9,904 institutions at December 31, 2000 to 6,940 as of June 30, 2013 (FDIC, 2013). Interestingly enough, although the number of insured financial institutions has declined since 2000, the number of people employed in the banking industry has actually increased approximately 10% from 1.9 million employees at December 31, 2000 to 2.1 million employees as of June 30, 2013 (FDIC, 2013). This emphasizes the significance of human resource considerations in financial institutions.

The consolidation process has created three primary types of organizations within the industry: Very large conglomerate banking organizations known as money-center banks with national or global markets, regional banks with multi-state footprints, and smaller institutions that serve single communities or small regions. The smaller banks are commonly referred to as community banks. The focus of this study will be on the smaller community bank group as few previous studies have concentrated on them. The most common measurement for separating the three groups is asset size. This study will focus on community banks with total assets of less than \$2.0 billion.

As the consolidation of the industry increases and accelerates, many small institutions are at risk of being consumed by larger organizations attempting to gain market share in a particular city or regional area. In order to survive and remain independent, it is critical that community banks achieve good operating results and remain financially healthy. They can only accomplish this by attracting and retaining employees that are efficient and produce financial results that satisfy their stockholders and regulators. Information regarding human resource issues that correlate with financial performance is lacking in the literature.

Previous studies have shown that employee satisfactions levels play an important role in employee productivity (Abbott, 2003; Kidd, 2006; Maister, 2001) but have not focused on the banking industry in general and community banks in particular. Additionally, previous studies have not focused on specific elements or “facets” of employee job satisfaction to determine if which facets have the largest differential between high performing banks and low performing banks.

This study was undertaken to determine if a difference exists between the relative overall job satisfaction levels of employees in community banks that perform well financially and those that do not. Additionally, the study attempted to determine if a difference exists with specific facets of job satisfaction between high performing community banks and low performing community banks in Pennsylvania.

Research Questions

This study was undertaken to provide answers to the following questions as they relate to community banks (as defined) in Pennsylvania:

1. Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJIG survey instrument?
2. Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument?

The dependent variable for research question one was the level of overall employee satisfaction as measured by the AJIG survey instrument. The independent variable was the category of financial performance of the surveyed banks (High Performing and Low performing). Additionally, the correlation between overall job satisfaction and financial performance was examined. Demographic characteristics of respondents for research question one were also analyzed to determine if there were differences between demographic characteristics related to overall job satisfaction scores. The dependent variable for the demographic analysis was the level of overall employee satisfaction as measured by the AJIG instrument and the independent variables were the category of financial performance and each demographic characteristic.

The dependent variables for research question two were the levels of employee satisfaction with specific elements of job satisfaction as measured by the AJDI survey instrument (work on present job, supervision, opportunities for

promotion, people at work, and present pay). The independent variable was the category of financial performance of the surveyed banks (High Performing and Low Performing).

Hypotheses

The hypothesis relating to research question one is that there is a difference between the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania. The null hypothesis statement (H_0) and alternate hypothesis statement (H_a) for research question one are as follows:

H_{1_0} There is no difference in the level of overall job satisfaction as measured by the AJIG survey instrument between high performing community banks in Pennsylvania and low performing banks.

H_{1_a} There is a difference in the degree of overall job satisfaction as measured by the AJIG survey instrument between high performing community banks in Pennsylvania and low performing banks.

The hypothesis relating to research question two is that the degree of employee satisfaction with specific facets of job satisfaction as measured by the AJDI survey instrument will vary between high performing and low performing community banks in Pennsylvania. The null hypothesis statements (H_0) and alternate hypothesis statements (H_a) for research question two are as follows:

H_{2A_0} There is no difference in the degree of employee satisfaction with **work on present job** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2A_a There is a difference in the degree of employee satisfaction with **work on present job** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2B_o There is no difference in the degree of employee satisfaction with **present pay** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2B_a There is a difference in the degree of employee satisfaction with **present pay** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2C_o There is no difference in the degree of employee satisfaction with **opportunities for promotion** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2C_a There is a difference in the degree of employee satisfaction with **opportunities for promotion** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2D_o There is no difference in the degree of employee satisfaction with their **supervision** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2D_a There is a difference in the degree of employee satisfaction with their **supervision** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2E_o There is no difference in the degree of employee satisfaction with **people at work** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

H2E_a There is a difference in the degree of employee satisfaction with **people at work** as measured by the ADJI survey instrument between high performing community banks in Pennsylvania and low performing banks.

Overview of Methodology

This research was undertaken to answer relatively objective questions using quantitative data. Since the data necessary to answer the research questions posed is quantitative in nature, a quantitative research method was employed. The questions can be addressed by assessing the state of financial progress of each studied institution and the degree of employee satisfaction at each institution which suggests a quantitative approach. Qualitative methods are best used for subjective information gathering where values and subjective opinions impact the outcome of the research. This research will attempt to determine observable outcomes from specified behavior and therefore, is more appropriately studied using a quantitative approach (Gall, Gall, & Borg, 2003).

The methodology employed to conduct the research was a survey approach of employees at selected community banks in Pennsylvania. Since community banks are identified based on their relative asset size, total assets was used as the initial basis for selecting banks for the survey. Banks were selected utilizing a commercial database containing bank financial statistics. Total banks with assets under \$2.0 billion were identified and then sorted by their average returns on shareholders' equity from the period January 1, 2010 through June 30, 2013. After sorting the banks by ROE, they

were then stratified into high performing banks and low performing banks based on their profitability as measured by ROE. A sample of banks from each group was then chosen for employee job satisfaction surveys using the ADJI/AJIG survey scales.

Results of the employee surveys were then analyzed using SPSS software provided by Indiana University of Pennsylvania to determine the degree of difference between overall job satisfaction and specific facets of job satisfaction as measured by the ADJI/AJIG survey instruments (Appendix A). Differences were analyzed by conducting an independent-samples t-test on the satisfaction survey results for overall job satisfaction and individual facets of job satisfaction as measured by the survey instruments. Multiple two-way between groups analyses of variance (ANOVA) were conducted to further analyze demographic data included on the survey instruments.

Significance of the Study

The relative level of employee job satisfaction is a major concern to all employers and certainly to community banks as they face significant challenges for survival. Studies in other industries have shown that employee job satisfaction can affect productivity, profitability, and employee retention (Abbott, 2003; Kidd, 2006; Maister, 2001) but have not focused specifically on community banks. The relationship between financial performance and overall employee job satisfaction specifically in community banks needs to be studied to determine whether or not a difference exists between satisfaction levels in high performing community banks and low performing community banks. Furthermore, since overall job satisfaction is comprised of many different facets, information is needed concerning which facets of employee job satisfaction matter the most in community banks. This information can provide useful guidance to community

bank management as they develop and commit resources to human resource programs. Community banks do not have the resources of their larger competitors and must prudently pursue human resource strategies that produce results as they strive to remain independent, community-oriented organizations.

Morale is often used as a “proxy” for the overall job satisfaction level. The relationship between morale and performance is of primary importance to most organizations (Nemanich & Keller, 2007). Morale, like overall job satisfaction, is often defined as the extent to which employees acknowledge positive feelings about their specific work or the organization as a whole. Nemanich and Keller suggest that a high level of performance coupled with a high level of morale equates to organizational success. They also note that organizations exhibiting a low level of morale are not likely to demonstrate a high level of performance. This study will contribute to the overall body of knowledge regarding job satisfaction and performance in community banks as well as provide information on specific facets of job satisfaction that differ the most between community banks that perform well financially and those that do not.

Definition of Terms

Frequently used terms in this study have the following meanings:

Abridged Job Descriptive Index (AJDI). A survey instrument that measures five principal subscales of job satisfaction that have been identified as important across numerous organizations. These subscales include work on present job, pay, opportunities for promotion, supervision, and people at work (Brodke et al., 2009).

Abridged Job in General (AJIG). An addendum to the AJDI survey instrument, designed to reflect individuals' general feelings toward their jobs, encompassing all aspects of job satisfaction (Brodke et al., 2009).

Community Bank: A commercial bank or insured savings bank with total assets less than \$2.0 billion.

Return on average assets (ROA): A profitability performance indicator for community banks derived by dividing net income for a period of time by average total assets during that period. The ratio indicates how effectively (profitably) organizational assets are employed. Higher ratios indicate more favorable results than lower ratios.

Return on Average Equity (ROE): A profitability performance indicator for community banks derived by dividing net income for a period of time by average total equity during that period. The ratio indicates how effectively organizational capital is deployed. Higher ratios indicate more favorable results than lower ratios.

High Performing Community Bank: A bank whose average ROE for the four-year period of 2010 through 2013 was at the 66th percentile or above of all commercial community banks located in Pennsylvania with assets of less than \$2.0 billion for the same time period.

Low Performing Community Bank: A bank whose average ROE for the four-year period of 2010 through 2013 was at the 33rd percentile or below of all commercial community banks located in Pennsylvania with assets of less than \$2.0 billion for the same time period.

Bank officer: An employee of a community bank with management responsibilities. A manager, supervisor, or team leader.

Banking Regulators: Federal and state government agencies or departments that regulate banks in the United States. The Office of the Comptroller of the Currency (“OCC”), the Federal Deposit Insurance Corporation (“FDIC”), the Pennsylvania Department of Banking, or the National Credit Union Administration (“NCUA”).

Assumptions

Assumptions can be defined as issues that are assumed to be true even though the gathered data does not directly support the contention (Gay & Airasian, 2003). The following assumption was made in conducting this study:

1. Employees have no reason to distort their responses and will provide honest answers representing their true assessment of each issue tested.
2. Return on Equity (ROE) is a valid proxy for financial performance of a community bank (Arancibia, 2013, Jun 14).
3. The survey instrument used in the study is valid and reliable to measure overall employee job satisfaction and degrees of satisfaction with individual facets of job satisfaction (Stanton et al., 2002).

Limitations

Limitations in research can be described as any characteristic of the research which limits the ability to draw conclusions or extend the results of the research further than the specific study and which is known by the researcher prior to beginning the study (Gay & Airasian, 2003). This research project will be subject to known limitations as follows:

1. The size of the sample will be relatively small when compared to the total number of community banks in Pennsylvania and nationwide and the

banks that agreed to participate in the survey were not randomly chosen. Therefore the results of the study can only be generalized to the participating institutions.

2. The financial performance of a bank can be influenced by many factors including external economic conditions. The best way to establish causation is to account for competing explanations (Milkovich & Newman, 2005). It will not be possible to identify and isolate all impacting factors to determine if factors other than employee job satisfaction are responsible for a particular bank's operating results.
3. The relationship of employee satisfaction and both firm and individual performance has been extensively studied. A debate exists as to which variable might "cause" the other. (Balzer et al., 2000). This study is limited to determining the difference in employee job satisfaction between high and low performing community banks and is not intended to establish causation of either employee satisfaction or financial results.

CHAPTER II

REVIEW OF LITERATURE

Introduction

With the deregulation of the banking industry which began several decades ago, banks have been under pressure to become more market-focused and customer oriented to survive. As reinforced by the number of banks which have either gone out of business or have been acquired in recent decades, banks must learn not only to survive in today's economic climate, but to develop and maintain a competitive advantage to ensure their survival in the future. In terms of market pressures, banks are much more like other firms in the economy than they were forty years ago when they were "protected" by regulation. Although banks are more like other business entities in that they feel and must respond to direct market pressures, they still remain a unique business enterprise as far as operational processes and financial risks are concerned. Accordingly, banks find themselves requiring individuals who understand their industry uniqueness and who are also enlightened enough to see the similarities with other concerns regarding profitability, efficiency, customer focus, and growth.

Most organizations rely on their human resources to devise and implement strategies to ensure their survival and to achieve targeted operating results for the purpose of obtaining a satisfactory return for their owners. Some studies have shown a direct relationship between employee satisfaction levels and firm performance (Abbott, 2003; Gary, 2011; Kidd, 2006). Organizational policies must be constructed to not only encourage achievement of organizational objectives but also to establish an atmosphere where employees feel as though they are achieving their own personal goals and

objectives. Organizations therefore are concerned with determining what motivates their employees the most to accomplish results that advance the strategic objectives of the organization and simultaneously fulfill the needs of the individual (Gerstner, 2002). Achieving adequate levels of job employee satisfaction remains a critical requirement if a firm wishes to attract and retain highly motivated and capable employees to accomplish organization objectives.

Although there are many previous studies regarding the relationship between employee job satisfaction and performance in general, there is little in existing literature that addresses this topic in community banks specifically.

This chapter presents a review of literature related to the research questions posed by the study. It includes a discussion of the theoretical concepts underlying employee job satisfaction and its relationship to organizational and individual performance and provides a link between those theoretical concepts and the study's research questions. The chapter also presents a review of previous research conducted regarding the relationship between employee job satisfaction and financial performance.

The research questions posed by this study are as follows:

1. Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJDI and AJIG survey instruments?
2. How does employee job satisfaction differ among specific elements of job satisfaction including work on present job, supervision, opportunities for promotion, people at work, and present pay between high performing

community banks and low performing community banks in Pennsylvania as measured by the AJDI and AJIG survey instruments?

Theoretical Framework

The underlying theories on which this research was based were primarily the motivational theories developed by Abraham Maslow (1954) and the related theories developed by Frederick Herzberg (1959). Other theories related to organizational behavior and motivation discussed in this section are the *equity theory*, the *expectancy theory*, *human capital theory*, and the *affective events theory*. These latter theories relate to facets of employee job satisfaction measured by the AJDI and AJIG survey instrument and to management and organizational concepts which can have a bearing on overall organizational performance.

Abraham Maslow (1954) developed his now famous *hierarchy of needs theory* in which he contended that every human being has an internal hierarchy of five needs. Each individual will seek to satisfy their internal needs in a specific order. As lower order needs become satisfied, the individual will then seek to satisfy higher order needs. He identified the first human need as physiological. This includes hunger, thirst, shelter, sex, and other physical existence needs. The second order of human need he identified as safety. He contended that an individual will seek to protect himself or herself from physical or emotional harm after satisfying the first order need. His third level of need is termed as love. It includes affection, acceptance, and friendship. After the first three needs are satisfied, Maslow contended that an individual will seek to fulfill the need of esteem. This includes status, recognition, and attention. The fifth order of need identified by Maslow is self-actualization. He defined this need as the desire to

become what one is fully capable of becoming both individually and socially. (Maslow, 1954)

The implication of Maslow's work relating to employee job satisfaction in organizations is that organizations must not only insure that basic work-environment conditions are met for their employees but must also provide avenues for individuals to satisfy higher level needs throughout their tenure with the organization.

Unfortunately, although widely cited as a motivational theory, Maslow's hierarchy of needs is not supported by empirical research. This does not imply that the theory is invalid; simply that research conducted after his publication does not support the theory (Miner, 1980, p 41).

The psychologist Frederick Herzberg (1959) proposed a theory known as the *motivation-hygiene theory* which codified Maslow's need levels into two groups of factors which he termed hygiene and motivator factors. Hygiene factors included the first three need levels (lower level) from Maslow's work. The fourth and fifth need levels (higher levels) from Maslow were termed by Herzberg as motivators. His research contends that the first three need levels are satisfied from extrinsic sources (outside the individual) while the fourth and fifth levels as being satisfied intrinsically (from within one's self) (Herzberg, Mausner, & Snyderman, 1959).

Another major conclusion drawn by Herzberg based on his research is that employee satisfaction and dissatisfaction are not opposite ends of the same continuum. The factors that lead to job satisfaction are separate and distinct from the factors that lead to job dissatisfaction. Herzberg contended that if the hygiene factors (lower level needs) of employees were not met by an organization, there was a higher risk of employee

dissatisfaction but if met, would not necessarily result in a higher level of job satisfaction. Herzberg further contended that employee job satisfaction is derived from satisfying the motivator variables (higher order needs) (Herzberg, Mausner, & Snyderman, 1959). For instance, if a manager is successful in reducing or eliminating factors that cause job dissatisfaction, he or she may reduce the stress level of the employees but might not necessarily achieve job satisfaction and motivate the employees.

Hertzberg's work is not without criticism. The primary criticisms involve his research methodology, lack of overall satisfaction level testing, he did not include situational variables in his testing, and he did not identify a relationship between satisfaction and productivity (House & Wigdor, 1967).

The questions contained in the survey instrument used in this study are closely related to both Maslow's *hierarchy of needs theory* and Hertzberg's *motivation-hygiene theory* where he describes hygiene and motivator variables. The survey topics include elements from both higher level or motivator needs (opportunities for promotion) and the lower level or hygiene needs (pay and supervision).

The *equity theory* of motivation was developed by John S. Adams in the early 1960's. It states that employees will mentally compute a ratio of their inputs to their rewards from their jobs and compare that to a ratio of their peers' inputs to their rewards. (Adams, 1965) If there is an imbalance, the employee will be motivated to take action to bring the ratios into balance. If they are working harder than their peers relative to their rewards from the organization, they will slow down. If they perceive that they are working less than their peers, they should be motivated to reach their peer level. This

theory implies that perceived fairness of management policies and practices is critical to achieving an adequate level of job satisfaction among employees.

Another widely accepted motivational theory related to this study is known as the *expectancy theory*. This theory contends that the amount of energy an employee will expend to behave in a particular way has a direct relationship on the employee's expectations of the outcome(s) of that behavior and its relative attractiveness to the employee (Vroom, 1964). The expectancy theory contains three elements:

1. Attractiveness. The relative importance of the outcome and related reward to the employee.
2. Performance-Reward Linkage. The degree to which the employee believes that performing at a certain level will result in the desired outcome.
3. Effort-Performance Linkage. The perceived probability that exerting a given amount of effort will lead to performance. (The job is "doable.")

If the pre-known outcome is desirable to an employee and if there is a positive relationship regarding the performance-reward linkage and the effort-performance linkage then the employee is more likely to be motivated to accomplish his or her goals than not which should result in better organizational achievement of goals.

The *human capital theory* is based on the concept that the perceived value of an individual's skills and abilities is a function of the time and expense required to acquire them. Employees therefore expect that, the better prepared they are for a job in terms of experience and education, the better their rewards should be (Becker, 1975). This theory

implies that, if individuals are interested in succeeding in an organization, they will invest time and other resources in preparing themselves for their jobs and will produce better results because of this preparation which benefits the organization as a whole.

Weis and Cropanzano (1996) developed the *affective events theory* suggesting a relationship between job affect and on-the-job behaviors. Affect, as postulated by Weis and Cropanzano, refers to how an employee feels about a job or what his or her emotional reaction is to job events (Kidd, 2006). Subsequent research to substantiate this theory has shown a relationship to an employee's affect and the employee's job satisfaction and performance (Grandey et al., 2002). At the core of the affective events theory is that work-related events, such as interactions with co-workers and supervisors, influence job satisfaction which in turn influences employee behavior including performance.

Job Satisfaction

Job satisfaction can be defined as “a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences” (Locke, 1976, p. 1304). It is often used to describe the extent that employees “like” (satisfaction) or “dislike” (dissatisfaction) their job overall or specific facets of their employment relationship (Zeffane, 2008). Job satisfaction is one of the most widely researched topics as it relates to organizational behavior and employer-employee relations. Spector (1997) identified it as a critical element in both research and theory of organizational behavior. This is not surprising given its applicability to all types of organizational structures that employ human capital. Although many studies have been conducted on employee satisfaction,

results are inconclusive as to the existence of any direct relationship between employee satisfaction and firm performance (Zeffane, 2008).

The relative level of overall job satisfaction can influence areas of individual and organizational behavior other than firm or individual performance. Previous studies have shown that a relationship also exists between job satisfaction levels and certain aspects of employee behavior including absenteeism and turnover (Brewer and Lee, 2005; Spector, 1997; Ostroff, 1992). This study adds another dimension to this line of research by comparing the overall level of employee job satisfaction and certain facets of job satisfaction to organizational financial performance.

Job satisfaction can be comprised of many different variables or facets including tangible and intangible characteristics of employment relationships (Spector, 1997). Tangible attributes include physical working conditions and level of compensation. Intangible attributes include facets such as interactions with co-workers and positive feelings regarding the job and the organization. In their extensive research on aspects of job satisfaction Herzberg, Mausner, Peterson, and Capwell (1957) concluded that there were six relatively independent factors affecting job satisfaction: general satisfaction and morale, attitudes toward the company and its policies, satisfaction with intrinsic aspects of the job, attitudes toward the immediate supervisor, attitudes towards satisfaction of aspirations, and satisfaction with conditions of present job. Subsequent research has not produced the need for additional categorization of job satisfaction facets (e.g., Ewen, 1964; Shackelford, 1963).

When developing their job satisfaction survey instrument, Smith, Kendall, and Hulin (1969) reached similar conclusions to Hertzberg (1957) but reduced their number

of categorized facets of job satisfaction into five general areas and created a separate survey instrument to solicit information on overall job satisfaction. The five facets they thought were relevant to virtually all organizations are listed below:

1. Work on present job
2. Pay
3. Opportunities for promotion
4. Supervision
5. People on present job

They then produced a survey instrument to capture employee perceptions regarding those five facets of job satisfaction. The survey instrument that captures responses to the above facets was termed by the researchers the Job Descriptive Index (“JDI”) survey instrument. Additionally, they developed descriptive adjectives for survey respondents to describe their overall satisfaction with their job in general which was termed the Job in General survey instrument (“JIG”). An updated version of these instruments is used in this study. (See the “Survey Instrument” section of this study.)

A brief summary of each of the facets of job satisfaction measured by the survey instrument used in this study follows:

Work on present job. This topic refers to the employee’s perceptions regarding the satisfaction with the primary tasks and physical working conditions associated with a particular job. Balzer et al. (2000) state “The satisfaction literature has identified various attributes of work that may be related to satisfaction, including opportunities for creativity and task variety, allowing an individual to increase his or her knowledge, and

changes in responsibility, amount of work, autonomy, job enrichment, and job complexity.”

Pay. The facet pay, or compensation, relates to the employee’s satisfaction level with his or her remuneration for services provided to the organization. Pay satisfaction addresses attitude toward pay and is based on the perceived difference between actual pay and expected pay (Balzer et al., 2000). Many different methods of paying and rewarding employees for satisfactory or above satisfactory performance exist but this study is limited to determining satisfaction with pay regardless of the type of pay received.

Opportunities for promotion. This facet relates to an employee’s perceptions regarding chances for advancing to a higher level within the organization. Although a promotion to a higher level often results in increased compensation as well, a discernable difference exists between an employee’s attitude regarding total compensation and his attitude toward the ability to advance within the organization (Smith, Kendall, and Hulin, 1969). Researchers have shown that satisfaction with promotions is correlated with the frequency of promotions, the importance of promotions, and the desirability of promotions (Herzberg et al., 1957; Locke, 1976; Porter, 1961; Smith et al., 1969).

Supervision. This facet relates to employees’ attitudes towards their immediate supervisors as well as the overall perceived quality of the supervision received. Satisfaction with supervisors appears to be stronger when the supervisor’s perceived competence level is high (Balzer et al., 2000).

People on present job. The facet of “people on present job” considers employee attitudes regarding their interactions and relative satisfaction levels with co-workers. It

relates most closely to the social and intrinsic reward theories of job satisfaction and employee motivation. The degree of satisfaction with co-workers is thought to be determined by the work-related interaction among co-workers and the mutual liking or admiration of fellow employees (Locke, 1976; Smith et al., 1969)

Financial Performance

Financial performance can be defined and measured by many different means. It has been defined as the positive accounting income achieved by an organization over a period of time and the resulting financial ratios affected by that income (Atkinson, 1995). Commercial entities typically identify several key operating ratios derived from accounting income to measure their relative financial performance as compared to peer organizations (Campbell, 2003). The two most common ratios for evaluating organizational financial performance are return on average assets (ROA), return on average equity (ROE). These ratios are as important in evaluating banking organizations as in any other industry. Other key ratios to measure relative financial health and quality of assets in banks include capital to asset ratios and ratios that measure the percentage of non-performing assets to total assets.

In 1996, federal bank regulators in the United States adopted the "Uniform Financial Institutions Rating System" (UFIRS) to monitor bank financial performance. The UFIRS includes data on six areas of the financial health of a financial institution. They include Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, and Interest Rate Sensitivity. These six criteria are informally referred to as a bank's "CAMELS" rating. Banks are normally rated by their examiners in each of these areas and are given a numerical rating ranging from 1 to 5 where 1 is the best rating and 5 is the

worst rating. This study does not examine asset quality results, relative capitalization levels, management issues, or liquidity and sensitivity issues in banks and therefore the “Earnings” component of the CAMELS rating is the only relevant component. When evaluating the Earnings component of the CAMELS ratio, regulators typically examine ROA and ROE.

ROA is computed by dividing net accounting income over a period of time by the average assets of the organization over that same period while ROE is computed by dividing the same net accounting income by the average equity of the organization over the period. ROA provides information on how well the institution is investing its assets to produce income. It indicates how much profit is earned on every dollar of organizational assets and is a useful ratio to compare organizational performance (Atkinson, 1995). Although there is a relationship between ROA and ROE, ROA does not provide information on how well capital was employed over the time period. Bank shareholders, like in other stock companies, care most about how much the bank is earning for them on their investment. As a result, they care more about ROE than they do about ROA. ROE provides information to investors on how well the bank is employing their investment. It indicates how much profit is earned on every dollar of equity invested.

Although both ROA and ROE are valuable ratios in evaluating comprehensive financial performance and other ratios exist as well, this study will utilize ROE as the barometer of financial results and to separate high performing banks from low performing banks in Pennsylvania. The reason for choosing ROE over ROA is that it is used more frequently to compare relative financial operating results between

organizations (Arancibia, 2013; Narayanan, 2010) and can be broken down into sub-components by using methods such as the DuPont analysis (Narayanan, 2010) if a deeper understanding of the financial results is desired.

Job Satisfaction and Employee Performance

Individual employee performance has been identified as a factor in overall organizational performance (Spector, 1997; Ostroff, 1992) and is therefore relevant in considering a relationship between job satisfaction and overall firm performance. Results of the studies on job satisfaction and individual performance are mixed however. An early study conducted by Brayfield and Crockett (1955) concluded that a high level of job satisfaction is not correlated with individual performance. The researchers considered the employees' outside environment and considered both union and non-union companies. On the other hand, Brewer and Lee (2005) conducted a study of approximately 46,000 federal government workers from 1989 through 2000 and found a strong correlation positive correlation between job satisfaction and performance when performance was defined as individual performance rather than organizational performance.

Early studies by Herzberg *et al.* (1957) also demonstrated a positive correlation between job satisfaction and individual performance where high levels of satisfaction led to stronger individual performance. Another study conducted by Lawler and Porter (1967), concurred with the positive correlation between job satisfaction and individual performance but postulated that employee performance is the independent variable rather than the dependent variable. In other words, it is individual performance that leads to job satisfaction rather than job satisfaction leading to individual performance.

Previous Studies

Many studies have been conducted to research the relationship between employee satisfaction and individual performance. Additionally, a large amount of research exists relating to employee job satisfaction and demographic characteristics of employees (Baker, 2009). The results of previous studies have produced mixed results regarding the relationship between overall job satisfaction and financial performance of the firm as a whole. Most of the previous studies examined for this research concluded that a positive correlation existed between performance and job satisfaction (Abbott, 2003; Judge, Thoresen, & Bono, 2001; Kidd, 2006; Maister, 2001; Miller, Erikson & Yust, 2008; Moynihan & Pandey, 2007). However other studies examined were unable to make a connection between job satisfaction and performance (Ren, 2001; Lawler & Porter, 1969).

Baker (2009) conducted a quantitative descriptive study of 229 bank employees from four financial institutions to determine if demographic characteristics of employees (age, gender, job level, job tenure, and level of education) influenced their level of job satisfaction after a bank merger. The study assessed the correlation between different demographic characteristics and different facets of job satisfaction using the AJDI and AJIG survey instruments. The researcher concluded that workers over 40 years of age and workers in managerial positions had higher overall levels of job satisfaction after a bank merger. The study also examined levels of satisfaction with specific facets of job satisfaction including work on present job, pay, opportunities for promotion, and supervision. She concluded that opportunities for promotion and work on present job showed the highest satisfaction levels among all demographic variables. Baker's study

utilized the same satisfaction instrument as this study and was also founded in the early theories of Maslow and Herzberg. Although the study focused on financial institutions and job satisfaction, it did not attempt to compare either individual or organizational performance to job satisfaction.

A study by Zeffane, Ibrahim, and Mehairi (2008) examined the correlation between employee job satisfaction and individual performance in a utility company. The research identified a positive correlation between job satisfaction and individual performance as measured by attendance and conduct. A significant difference between satisfaction and performance levels was also noted based on gender. The researchers commented that additional research is needed in the relationship between job satisfaction and performance.

Ren (2001) investigated the relationship between employee satisfaction and firm performance in a single large commercial bank. The study involved analyzing the results of employee satisfaction surveys conducted at 200 branches in the bank in 1994 and 1996. Branch financial information was collected from the bank's financial statements for the periods. Ren concluded that the relationship between employee satisfaction and firm performance was weak but cited a small sample size as a possible reason.

Cathy A. Kidd (2006) studied the relationship between job satisfaction and organizational performance in the health care industry. The sample for this study was drawn from a population of not-for-profit acute care hospitals with greater than fifty beds in the United States. The total sample size was 1,000. Surveys were mailed to the Human Resources Managers to be distributed to five employees in the facility. A response rate of 19.8% was achieved, representing 198 hospitals. Descriptive statistics, Pearson's r

correlations, and multiple regression analysis were used to analyze the data. The results of the study demonstrated statistically significant relationship between certain facets of job satisfaction and firm performance. This study utilized the AJDI and the AJIG survey instruments to obtain job satisfaction data.

In their study of manufacturing employees, Sarmiento, Beale, and Knowles (2007) found that a strong correlation between job satisfaction and both individual and organizational performance existed. Two similar tests; Ricketta (2008) and Pitts (2009), produced similar results. The Sarmiento, Beale, and Knowles study cited limitations of a small sample size, the use of only one manufacturing site, and the fact that other variables such as leadership style and motivation were not included.

Del Chiaro (2006) studied impact of supervisor treatment of employees on job satisfaction. Although the results were inconclusive to show a positive correlation between supervisor treatment and overall satisfaction and productivity, the researcher was able to show that there was no negative effect on job satisfaction when supervisors used positive reinforcement.

An employee's relationship with his supervisor is recognized as having an impact on his or her level of satisfaction (Smith et al., 1969). A study was conducted by Handsome (2009) to examine the relationship between leadership styles and employee job satisfaction. The Pearson correlation coefficient from the results of his study determined that job satisfaction increased with transformational leadership styles and decreased with laissez-faire leadership styles (Handsome, 2009).

Alavi and Askaripur (2003) studied the multidimensional aspects of job satisfaction included in the AJDI as it relates to employees' own self esteem. The

researchers concluded that there was a positive correlation between self esteem and all five of the facets included on the AJDI survey instrument.

A direct relationship between job satisfaction and opportunities for promotion was found by Mustapha & Zakaria (2013) in their study of lecturers in higher educational institutions in Malaysia. This study was conducted in four public universities in Kelantan, Malaysia and measured job satisfaction among fulltime lecturers who met criteria of having at least three years working experience in their current position.

Summary and Relationship to Research Questions

This section provides an overview of the relationship between the study's research questions and the literature reviewed in this chapter. Table 2 below, provides a link between each research question and specific reviewed literature in tabular form. Information in this section is presented in the order of the research questions. Each research question is restated below.

Research question one: Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJDI and AJIG survey instruments?

Research question one was developed to determine if there is a difference between the overall levels of job satisfaction between two groups of community banks included in this study: high financial performing and low financial performing. Accordingly, the relevant literature reviewed in support of this question includes literature on theoretical concepts related to overall employee job satisfaction and literature describing previous studies and outcomes addressing the relationship between

overall job satisfaction and financial performance. Overall job satisfaction is differentiated from job satisfaction dimensions such as pay and opportunities for advancement.

The theoretical foundation associated with this research question is primarily Maslow's and Herzberg's theories of motivation. Therefore, the literature reviewed for this question included publications and studies related to Maslow's and Herzberg's theories (Herzberg, 1959; Maslow, 1954) and studies dealing with relationships between job satisfaction and performance (Abbott, 2003; Brayfield and Crocket, 1955; Brewer and Lee, 2005; Erikson & Yust, 2008; Judge, Thoresen, & Bono, 2001; Kidd, 2006; Lawler and Porter, 1967; Maister, 2001; Miller, Moynihan & Pandey, 2007; Ostroff, 1992; Spector, 1997; Zeffane, 2008).

Literature relating to other theories addressing organizational behavior and motivation was also reviewed in this chapter. These include the *equity theory* (Adams, 1965), the *expectancy theory* (Vroom, 1964), the *human capital theory* (Becker, 1975), and the *affective events theory* (Weis and Cropanzano 1996). A review of literature relating to these theories was conducted because the theories relate to employee motivation which studies have shown can impact the level of employee satisfaction and both individual and organizational performance.

Research question two: Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI and AJIG survey instruments?

Research question two was proposed to delve deeper into differences in employee satisfaction levels between the two groups of banks included in the study. This question was proposed to determine which facets or dimensions of employee satisfaction differ the most between the two groups. The question is relevant because it can provide valuable information to bank management regarding which elements of job satisfaction they should emphasize in their human resource programs.

The literature reviewed in this chapter relating to the theoretical constructs for research question two is the same as that reviewed for research question one except that one additional theory, the *affective events theory* (Weis and Cropanzano 1996) was reviewed because of its implications on job satisfaction facets as surveyed on the AJDI survey instrument. Literature reviewed in support of the dimensional aspects or facets of job satisfaction includes Alavi and Askaripur, (2003); Baker, (2009); Bowling et al., (2008); Del Chiaro, (2006); Handsome, (2009); Grandey et al., (2002); Mustapha & Zakaria, (2013); Sergiovanni, (2002); Spector, (1997); and Stanton et al., (2002).

Table 1 provides a link between the research questions and specific literature works reviewed in this chapter.

Table 1

Link Between Research Questions and Reviewed Literature

Research Question	Reviewed Literature	
	Theoretical Concepts	Research and Previous Studies
One	Adams, 1965; Herzberg 1959; Maslow, 1954; Vroom, 1964; Becker, 1975.	Abbott, 2003; Brayfield and Crocket, 1955; Brewer and Lee, 2005; Erikson & Yust, 2008; Judge, Thoresen, & Bono, 2001; Kidd, 2006; Lawler and Porter, 1967; Maister, 2001; Miller, Moynihan & Pandey, 2007; Ostroff, 1992; Spector, 1997; Zeffane, 2008.
Two	Adams, 1965; Herzberg 1959; Maslow, 1954; Vroom, 1964; Becker, 1975; Weis and Cropanzano 1996.	Alavi and Askaripur, 2003; Baker, 2009; Bowling et al., 2008; Del Chiaro, 2006; Handsome, 2009; Grandey et al., 2002; Mustapha & Zakaria, 2013; Sergiovanni, 2002; Spector, 1997; Stanton et al., 2002.

Additionally, some literature reviewed in this chapter is presented as background information for the purpose of assisting the reader to understand terms and concepts used in the study.

CHAPTER III

METHODOLOGY

Introduction

The purpose of this study was to determine whether the level of job satisfaction differs between community banks that achieve high financial operating results and those that obtain financial results that are considered low. The studied banks were financial institutions located in Pennsylvania with total assets of less than \$2.0 billion at December 31, 2012. In addition to assessing the difference between overall job satisfaction levels between the two groups of banks, the study also sought to determine which facets of job satisfaction differed the most, if at all, between high performing banks and low performing banks using a survey instrument with established validity and reliability.

This section provides information on the methodology employed to determine if differences exist between the independent variable (financial performance) and the dependent variables (overall job satisfaction and the individual dimensions or facets of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people on the present job).

Two related research questions were developed for this study:

1. Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJIG survey instrument?
2. Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay,

opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument?

A matrix is included under the heading “Survey Instrument” later in this chapter correlating the relationship between the above research questions and the instrument used in the study.

Research Method

Literature on research methods indicates that quantitative approaches are most appropriate when a description of trends or an analysis of the relationship of specific variables is desired (Creswell, 2002). Conversely, qualitative research is most appropriate when the desired outcome is a description of an existing situation without testing a hypothesis or determining whether or not relationships exist between variables (Slavin, 2007). Since this study compares the relationship between two variables, financial performance of the firm and employee job satisfaction, a quantitative approach to conducting and analyzing the data is most appropriate. Existing bank performance data and accumulated information on employee satisfaction levels were used to conduct this study. No attempt was made to manipulate variables in conducting the study; therefore the study is considered non-experimental.

Population and Sample Selection

Data used in this study was collected primarily through an Internet-based survey administered to employees of selected community banks in Pennsylvania. For the purposes of this study, community banks were defined as commercial banks and savings institutions with total assets under \$2.0 billion. Other types of institutions such as credit

unions and mutual savings banks were not included in the population of institutions for the study due to their unique capital structures and ownership interests. These types of financial institutions, with rare exceptions, typically do not have shareholders but rather are “owned” by their members or depositors. The lack of shareholders can have an impact on their management’s motivation to achieve returns on equity similar to financial institutions with stock-based structures that face shareholder pressure to achieve minimum levels of earnings and pay dividends. Since return on average equity is a stratification factor for selecting the financial institutions to participate in this study, the exclusion of non-stock based capital structures seemed appropriate.

A commercially available database service was used to identify commercial banks and savings institutions located in Pennsylvania with total assets of less than \$2.0 billion as of December 31, 2012. A total of 136 financial institutions were identified through this process. The data extracted from the commercial database was bank name, total assets, average shareholders’ equity, net income, and return on equity (ROE) for the years ended December 31, 2010, 2011, and 2012. The same data was extracted as of June 30, 2013 for each institution and the net income amount was annualized to provide a four-year period of earnings for each institution. The data was imported into an Excel spreadsheet for analysis. The return on equity data for the institutions was then averaged for the four-year period and the annualized June 30, 2013 results. The identified financial institutions were sorted from high to low by their average returns on equity. An average multi-year ROE was used rather than the most recent year ROE to identify consistently good performers and consistently poor performers and reduce the possibility that a particular bank had a random “good” or “bad” year. The population of banks was then

stratified into three groups based on their four-year average ROE's. Percentile rankings were used to separate the banks into the top third, the middle third, and the bottom third. Table 2 shows the average ROE at the 100th, 66th, and 33rd percentiles for commercial banks under \$2.0 billion located in Pennsylvania for the years 2010 – 2012 and annualized June 30, 2013 results.

Table 2

ROE Percentile Stratifications in Population

Percentile	4-Year Average ROE
100th	19.14
66th	9.11
33rd	4.83

To clearly separate the identified financial institutions into high performing and low performing groups, the banks were separated into thirds. The 66th and 33rd percentile breaks were used respectively. Financial institutions with average multi-year ROE's at the 66th percentile and above were defined as *high performing financial institutions* and those with multi-year ROE's at the 33th percentile and below were defined as *low performing financial institutions*.

Data regarding the number of banks in each group, the average multi-year ROE in each group, and the percentile group range is presented in Table 3.

Table 3

High and Low Financial Performance Bank Groupings

Performance Category	Multi-Year Average Percentile Range	No. of Banks	12/31/12 Average Asset Size of Group (\$)	Mean 4-Year ROE (%)	ROE Range (%) from to		
High Performing Banks	66th -and above	46	515.6 million	12.07	9.11	to	19.14
Low Performing Banks	33rd and below	46	378.8 million	-0.32	-18.65	to	4.83
Total Banks		<u>92</u>					

Commercial banks in the *high performing group* (top third percentile) obtained a mean four-year average ROE of 12.07% with a range in the group from 9.11% to 19.14%. The average asset size in this group was \$515.6 million. Commercial banks in the *low performing group* (bottom third percentile) obtained a mean four-year average ROE of a negative 0.32% with a range in this group from a negative 18.65% to a positive 4.83%. The average asset size in this group was \$378.8 million. Each performance group contained 46 financial institutions representing a total number of 92 possible banks to survey.

After the banks were identified and stratified into high performing and low performing groups based on multi-year ROE results, the chief executive officers (CEO) of selected individual banks in each group were contacted by phone and e-mail to request permission to survey their employees. Eight banks from each group were randomly selected to participate in the study. Five banks from the high performing group granted permission to survey their employees and four banks from the low performing group granted permission. Most of the CEO's that agreed to participate in the study requested

that their banks not be identified by name. The researcher agreed to protect the identity of the specific banks participating in the survey as well as the identities of the employees responding to the survey.

Although a random selection method was employed to select banks to contact and request permission to survey, the resulting sample is not random and is considered a convenience sample because all banks did not have an equal chance of being selected after the first one was selected and the selection process was dependent on the decision of the management of each requested bank to participate in the survey process. See other limitations in the “limitations” section of this chapter.

Survey Design

Data related to employee satisfaction was obtained by conducting a one-time survey of employees of selected banks utilizing an employee satisfaction questionnaire. The survey was administered via the Internet to facilitate efficient completion, submission, and tabulation. The survey instrument (Appendix A) is designed to provide feedback on employee satisfaction with his or her overall job in general as well as feedback regarding specific facets of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work. Additionally, the survey instrument solicited demographic information from the respondents to facilitate further analysis of results.

Survey Instrument

The survey instrument used for this study is a combination of the Adjusted Job Descriptive Index (AJDI) and the Abridged Job in General Scale (AJIG) with demographic information added (Appendix A). The AJDI and AJIG instruments are

shortened versions of the Job Descriptive Index (JDI) and the Job in General Scale (JIG) which was introduced in 1969 by Smith, Kendall, and Hulin. These instruments were chosen because they have been one of the most widely used instruments for measuring job satisfaction over the past 40 years (Stanton et al., 2002) and have established validity and reliability (Brodke et al, 2009). Additionally, they provide survey questions to measure distinct facets of job satisfaction as well as providing survey questions to measure overall job satisfaction which is crucial to the research questions in this study. A copy write on the instruments is now owned by Bowling Green State University and current researchers at the university granted permission to use the instrument for this study. (See Appendix B)

A brief history of the survey instruments and information regarding established validity and reliability follows:

During the 1960's a group of researchers at Cornell University's industrial psychology program began a study of people's work satisfaction, which eventually resulted in the development of a survey instrument to measure different facets of job satisfaction. It was named the Job Descriptive Index (JDI). In 1969, the JDI was introduced by Smith, Kendall, and Hulin and, since then, has been referred to as the "gold standard" of job satisfaction scales (Landy, Shankster, & Kohler, 1994, p. 271). The JDI has remained one of the most widely used measures of job satisfaction (Bowling, Hendricks, & Wagner, 2008; Cooper-Hakim & Viswesvaran, 2005).

Since the JDI and the JIG were introduced, they have gone through three revisions. The first was in 1985 (Smith et al., 1987), the second in 1997 (Kihm, Smith, &

Irwin, 1997), and the most recent in 2009 (Brodke et al, 2009). Throughout the revisions, the instruments retained their high degree of reliability and validity (Brodke et al, 2009).

A shorter version of the 1997 JDI was developed in 2000 using a combination psychometric/rational strategy for scale reduction. These shortened instruments contain five items for each facet sub-scale. Studies have shown that the shortened version of the JDI is more efficient to administer than the original JDI and is still very good at discriminating among individuals and groups with low levels of satisfaction (Balzer, et al., 2000).

The AJDI was developed to produce measurable scores representing an employee's level of satisfaction with several distinct aspects of his or her work environment. The aspects, or subscales, represented are: work, pay, promotions, supervision, and people. Each AJDI subscale contains six adjectives or phrases describing various aspects of the employee's perception of his or her work attributes. The respondent is asked to indicate whether or not the adjective describes his or her perception of each job characteristic subscale by answering "Yes", "No", or "Cannot decide." The same response methodology is employed with the AJIG scale. Each item on the scale is assigned an initial value of 1 for "yes", 2 for "no", and 3 for "cannot decide." Since the scales contain both positively and negatively worded responses, the responses had to be recoded so that a higher number represents more satisfaction and a lower number represents less satisfaction. See "Data Collection Procedures" below for a description of the scoring process for the instruments.

The first subscale entitled "Work on Present Job" relates to the employee's present job duties and measures the satisfaction with the tasks and other requirements of

the work itself. Various attributes of work that possibly contribute to job satisfaction, include opportunities for creativity and task variety, ability to increase knowledge and changes in responsibility, amount of work, autonomy, job enrichment, and job complexity (Stanton et al., 2002).

The second subscale labeled “Pay” measures satisfaction with the employee’s present pay where the response choices focus on the employee’s perception of the adequacy of his or her compensation based on expected versus actual pay. The developers of the instrument acknowledge that satisfaction with pay is influenced by the individual point of view of each respondent (Smith, et al, 1969).

The third subscale is labeled “Opportunities for Promotion.” This subscale attempts to measure employee satisfaction with the organization’s promotion policies and the administration of those policies. Like pay, satisfaction with promotional opportunity is also dependent on individual employee points of view. It can be influenced by the frequency with which a company offers promotions and the significance of promotions to each individual employee (Stanton et al., 2002).

The fourth subscale is labeled “supervision” and the available responses reflect the employee's perception of his or her supervisor. Factors such as the managerial theories employed by a given supervisor and the employee’s satisfaction level with “how he or she is treated” by the supervisor influence the responses to this subsection (Stanton et al., 2002).

The fifth and final subscale in the AJDI is termed “People on Your Present Job” and the responses solicit the employee’s perception of the level of satisfaction with his or her co-workers. The level of satisfaction an employee experiences with his or her

coworkers is influenced by the relative interaction among the coworkers and the responses on the survey reflect elements of mutual respect or disrespect (Stanton et al., 2002).

There is no universally accepted number of facets to consider when measuring the dimensional aspects of job satisfaction. Although additional facets of job satisfaction do exist and some researchers have argued that fewer facets would be adequate to measure the dimensions of job satisfaction (e.g., Parsons & Hulin, 1982), the five facets described above appear relevant to most jobs and have received considerable support in job satisfaction research (Balzer et al., 2000).

The developers of the original JDI scale and subsequent AJDI scale concluded that one cannot get an adequate assessment of overall job satisfaction simply by adding the individual facet scores from the JDI or the AJDI together to arrive at a composite score. (Balzer et al., 2000). They cited four considerations that make overall job satisfaction distinct from individual facets of job satisfaction:

1. Facet scales omit some areas that may be important to a particular individual when assessing his or her overall satisfaction;
2. Facet scales may be less valid as predictors of behavior;
3. The time perspective may differ between facet and global satisfaction scales where facet scales generally relate to short term perspectives by the employee and global scales relate more to a long term perspective; and
4. Individual employees may not consider each facet with equal weight when assessing their overall job satisfaction.

Accordingly, a sixth component was developed by the researchers to solicit information regarding overall or “global” job satisfaction known as the Job in General (JIG) and, subsequently, the Abridged Job in General (AJIG) scales. Balzer, et al. (2000) summarized the reason for the development of the JIG by stating “In summary, the JIG scale was constructed to reflect the global, long-term evaluation of the job. It was intended to reflect not only the five principal facets and the importance of each to the individual, but also their interactions and the contributions of other long-term situational and individual factors that make a person satisfied or dissatisfied with the job.”

Instrument Reliability and Validity

Reliability and validity of the AJDI and the AJIG instruments have been proven to be very strong (Stanton et al., 2002). Yeager (1981) states “one reason for the JDI’s wide use is the care with which it was developed. Another reason is its applicability across a wide variety of demographic groups.” (p. 206).

A number of studies have substantiated the reliability of the JDI (Evans, 1969; Johnson, Smith, & Tucker, 1982). Smith et al., (1969) reported split-half reliability coefficients ranging from .80 to .88 for the five sub-scales. A study by Schneider and Snyder (1975) reported internal consistency reliabilities ranging from .80 to .89 for the five sub-scales of the JDI. Muchinsky (1977) obtained reliability coefficients ranging from .77 to .88 for the sub-scales. Christian (1986) conducted a study to determine the level of satisfaction of medical faculty utilizing the JDI and reported reliability coefficient alphas ranging from .85 to .90. For the Revised JDI, scale reliabilities remain high, with an average coefficient alpha of .88 across six samples (Smith et al., 1969).

The Job in General (JIG) scale, the sixth factor in the JDI/JIG combined instruments was tested utilizing several different samples and internal consistency, reliability, and convergent validity were reported (Balzer, et al., 2000). Coefficient alpha estimates (Cortina, 1993; Cronbach, 1951) for the subscales of the Job Descriptive Index and the Job in General scales reported by Balzer et al., (2000) are presented in Table 4.

Table 4

Coefficient Alpha (α) Values for the JDI and JIG

JDI Subscale	A	N
Work	.90	1623
Pay	.86	1603
Opportunities for Promotion	.87	1611
Supervision	.91	1613
Co-Workers	.91	1615
Job in General	.92	1629

The AJDI is a shortened version of the original JDI scale and uses a psychometric or rational strategy for scale reduction (Balzer, et al., 2000). The shorter version takes less time for employees to complete, takes up less space on the survey form, and decreases fatigue on the part of the respondents (Stanton et al., 2002). While shorter and more efficient to administer, research on the ADJI and AJIG scales concludes that validity and reliability remain very high compared to the original JDI and JIG scales (Balzer, et al., 2000). The coefficient alphas (internal consistency) of the AJDI were found to exceed .70 for all included facets (Stanton et al., 2002).

Kinicki, McKee-Ryan, Schriesheim, & Carson (2002) assessed the construct validity of the JDI using a meta-analysis to summarize previous empirical studies that examined antecedents, correlates, and consequences of job satisfaction. In total, 79 unique correlates with a combined total of 1,863 correlations were associated with the JDI sub-dimensions. They concluded that the construct validity of the JDI was supported by:

1. Acceptable estimates of internal consistency and test-retest reliability,
2. results that conform to a nomological network of job satisfaction relationships, and
3. demonstrated convergent and discriminant validity.

Contrasting results with previous meta-analytic findings offered further support for the JDI's construct validity (Kinicki, McKee-Ryan, Schriesheim, & Carson, 2002).

General satisfaction scales can be validated utilizing a variety of methods. Balzer et al. (2000) stated that convergent validity for the JIG scale was demonstrated by correlation with other measures of general job satisfaction: The Brayfield and Rothe (1951); a rating scale with pre-scaled adjectives as anchors (Ironson & Smith, 1981), the "Faces" scale (Kunin, 1955) and a simple numerical rating scale (-100 to +100). Correlations with the JIG ranged from .66 to .80. Construct validity was also clearly evident in the pattern of correlations with 18 other tests (Balzer, et al., 2000).

Other researchers that have utilized the JDI and JIG scales in their studies and found high levels of reliability and validity include: Maddock (2008); Murphy (2004); and Saane et al. (2003).

Table 5 shows the correlation between the research questions and the questions included in the survey instruments.

Table 5

Relationship of Survey Instrument Questions to Research Questions

Research Question	Survey Question Numbers	Survey Relationship to Research Question
1. Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJIG survey instrument?	10.	Question number 10 on the JIG survey instrument provides feedback regarding the employee's overall or global satisfaction level using the JIG scale.
2. Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument?	5. - 9.	Questions 5. through 9. on the AJDI survey instrument provides feedback regarding work on present job, pay, opportunities for promotion, supervision, and people at work.

Prior to conducting the survey, the survey instruments were submitted to the Institutional Review Board (IRB) of Indiana University of Pennsylvania for approval to use the forms. Additionally, the management of each bank reviewed the survey instruments prior to administration and granted permission to use them in their institutions.

Data Collection Procedures

Data for this study was collected via an Internet survey administered through Qualtrics software supplied by Indiana University of Pennsylvania. Once permission was granted by the CEO of each bank to administer the survey, the Human Resource Manager (HRM) in each institution was contacted to coordinate the administration of the survey. The HRM was sent an e-mail with the URL link to the Qualtrics website containing a unique survey for each bank. The HRM was asked to distribute the link to all employees along with a memo indicating that the bank had authorized the survey and requesting that employees participate in the survey (Appendix D). To protect the identity of each bank but retain identification for the researcher, banks were identified by number so that the results could be sorted into the two test groupings (high performing and low performing).

Each bank was surveyed individually using an identical survey instrument that included the AJDI and AJIG scales. The surveys were administered between February 1, 2014 and May 6, 2014. Employees were not required to take the survey and each respondent remained anonymous. The confidentiality of the banks and respondents was protected by the researcher.

Responses from the surveys were received anonymously via the Internet and prepared for scoring using procedures recommended by the survey developers (Brodke et al., 2009). The AJDI portion of the survey instrument is comprised of five subscales each containing 6 items to measure different facets of job satisfaction. The AJIG portion of the survey instrument has only one scale with 8 items and measures the satisfaction level with the job-in-general. All scales on the survey instrument required recoding and reverse scoring before they could be analyzed. Procedures recommended by the survey

developers were used to accomplish the recoding and reverse scoring (Balzer et al., 2000). All items on the survey instrument contained “yes”, “no”, or “?” for possible answers. The Qualtrics software automatically assigned a value of 1 for “yes”, 2 for “no” and 3 for “?”. The first step in the scoring and recoding process was to convert the “yes” answers to a value of 3, the “no” answers to a value of 0, and the “?” answers to a value of 1 (Balzer et al., 2000). Additionally, since some of the items on the scales were worded negatively, they had to be reverse scored so that a “no” answer received a value of 3, and a “yes” answer received a value of 0. “?” answers were always assigned a value of 1 whether the item was positive or negative (Balzer et al., 2000). Both the recoding of all responses and the reverse scoring of negatively worded responses was accomplished using SPSS software. Table 6 shows the items on the scales requiring reverse scoring.

Table 6

Reverse Scored Items on AJDI/AJIG Survey Instrument

Survey Question Number	Scale Name	Scale Item Number	Word or Phrase
5	Work on Present Job	6	Uninteresting
6	Pay	1	Barely live on income
6	Pay	2	Bad
6	Pay	4	Underpaid
7	Opportunities for Promotion	2	Somewhat limited
7	Opportunities for Promotion	3	Dead-end job
8	Supervision	5	Annoying
9	People on Present Job	1	Boring
9	People on Present Job	2	Slow
9	People on Present Job	5	Lazy
9	People on Present Job	6	Frustrating
10	Job in General	2	Undesirable
10	Job in General	4	Disagreeable
10	Job in General	8	Poor

Data Analysis

The raw data from the survey was scored and cleaned for missing responses and unusable survey forms according to procedures recommended by the Bowling Green University research staff (Brodke et al., 2009).

Hypothesis 1 was tested using the results from the AJIG scale on the AJDI/AJIG survey instrument. The scale measured the dependent variable of overall employee job satisfaction. Results from the 8 items on the JIG scale were scored for each respondent and the scores were then coded and processed using SPSS software. An independent-samples t-test was conducted to determine if a statistically significant difference exists between the overall level of job satisfaction in high performing banks (as defined) versus the overall level of job satisfaction in low-performing banks (as defined). Multiple two-way between groups ANOVA's were conducted to further analyze demographic data provided by the survey respondents. Mean scores were also evaluated for whether or not they scored in the "satisfied", "neutral", or "dissatisfied" ranges of the AJIG and AJDI scales using guidelines supplied by the survey developers. Although the developers indicate that there is no real neutral point on the scales they provide guidelines to established satisfied, neutral, and dissatisfied ranges (Balzer et al., 2000). Using these guidelines, a score range of 9.78 to 14.22 was established as the "neutral" range for the AJIG scale which has a total possible score of 24 and a score range of 7.33 to 10.67 was established as the "neutral" range for the AJDI scales which each have a total possible score of 18. Scores above the neutral range are considered "satisfied" and scores below the neutral range are considered "dissatisfied."

Additionally, Pearson's correlation coefficient was computed to determine if a correlation exists between the overall satisfaction level in the tested institutions as measured by the AJIG scale (dependent variable) and the average 4-year ROE for each institution (independent variable) in the sample. ROE was used as a proxy for financial performance (Arancibia, 2013, Jun 14).

Hypothesis 2 was tested using the results from the AJDI scales on the AJDI/AJIG survey instrument. The scales measured the dependent variables of satisfaction with work on present job, pay, opportunities for promotion, supervision, and people at work. Results from the five sub-facets of job satisfaction on the AJDI scales were scored for each respondent and the scores were then coded and processed on SPSS software. An independent-samples t-test was conducted to determine if a statistically significant difference exists between each of the five categories of job satisfaction in high performing banks (as defined) versus in low-performing banks (as defined).

Additionally, four separate two-way between groups ANOVAs were conducted on each of the four demographic variables included on the survey to analyze the differences between demographic groups for high performing banks and low performing banks.

Summary

A quantitative, non-experimental research plan was utilized to conduct this research. The research relied on a widely used employee satisfaction survey instrument: the AJDI/AJIG instrument. The content validity and reliability of the survey instruments has been established in other studies and prior research (Balzer et al., 2000; Maddock, 2008; Murphy, 2004; and Saane et al. 2003). Survey instruments were distributed to all

levels of employees in the selected banks. The instruments were approved by the IUP IRB prior to being administered to live participants. The response data was analyzed on SPSS using both descriptive and inferential statistics.

Hypothesis 1 and the five sub-sets of Hypothesis 2 were tested by conducting separate independent-samples t-tests. Demographic data on the respondents was analyzed by conducting four separate two-way between-groups ANOVAs on the supplied demographic data. Additionally, Pearson's product-moment correlation coefficient was calculated to determine if a correlation existed between financial performance as measured by ROE and overall employee job satisfaction as measured by the AJIG scale.

CHAPTER IV
PRESENTATION AND ANALYSIS OF FINDINGS

Overview

This study was conducted to investigate the relationship between job satisfaction and financial performance in community banks located in the Commonwealth of Pennsylvania. To conduct the study, a sample of community banks located in Pennsylvania was identified and stratified into two groups: “high performing” and “low performing.” Relative financial performance was determined by the ROE of each institution in the sample (Arancibia, 2013; Narayanan, 2010). Once participating banks were identified, the employees of those banks were surveyed electronically to determine their overall job satisfaction levels as well as their satisfaction levels with specific facets of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and relationships with co-workers. The AJDI and AJIG scales were used on a combined survey instrument (Appendix A) to gauge the relative level of overall job satisfaction as well as the relative level of satisfaction with each measured facet. The results of the surveys were analyzed using an independent-samples t-test to determine the degree of difference, if any, in job satisfaction scores between high performing and low performing banks located in Pennsylvania. Two-way between-groups ANOVAs were conducted on the AJIG scores and certain demographic characteristics of the respondents to determine if differences existed between the tested demographic groups in high performing banks versus low performing banks. Finally, a Pearson product-moment correlation coefficient was computed to determine if a correlation existed between

individual participant bank ROEs and the corresponding mean job in general satisfaction scores as measured by the results from the AJIG scale.

In addition to the results of the statistical tests, this section presents a review of the data gathering and preliminary analysis process, descriptive data on the participating institutions, and a summary.

Data Gathering

Once participating banks were identified from each group, an electronic survey instrument was constructed using Qualtrics software supplied by Indiana University of Pennsylvania. All surveys were identical in content and structure. The first page of each electronic survey consisted of the informed consent form (Appendix C). Participants acknowledged their consent to participate by clicking an icon at the bottom of the first page. The link to each survey was e-mailed to the CEO and Human Resource Manager (HRM) of each participating institution. The HRM of each institution distributed the link to their employees along with an explanatory memo (Appendix D). After a period of approximately two weeks, a follow up memo was sent to employees by the HRM to help increase the response rate.

Each bank's survey was administered individually and the survey was left active for approximately one month after initial activation. As surveys were completed by employees, their results were automatically accumulated in the Qualtrics software by each individual bank. After each bank's survey was closed, the data was extracted into an SPSS data file for each bank. Each individual bank file was then reviewed for missing and incomplete responses. These responses were deleted from the survey results and not considered using guidelines from the survey developers (Balzer et al., 2000). Surveys

were then combined into one large data file using the SPSS software. After recoding and reverse scoring procedures were performed (See Chapter III) on the data responses, the files were analyzed using SPSS Software.

Participating Banks and Response Rates

A total of nine banks agreed to participate in the study. Five out of eight banks contacted from the high performing group agreed to participate and four out of eight banks contacted from the low performing group. All banks that participated in the survey met the selection criteria of being either in the top third percentile or the lower third percentile of earnings for all Pennsylvania commercial banks with asset sizes under \$2 billion. Earnings performance was measured by computing a four-year average ROE for each bank. An average multi-year ROE was used rather than the most recent year ROE to identify consistently good performers and consistently poor performers and reduce the possibility that a particular bank had a random “good” or “bad” year. Table 7 presents a recap of individual participating banks along with descriptive information about the banks and response rates for each. The names of the participating institutions are not identified as a condition of their participation in the survey and to protect confidentiality.

Table 7

Participating Bank Demographics and Response Rates

Bank ID	Perform. Group	Total Assets at 12/31/12 (000's)	Four-Year Average ROE	FTE's at 12/31/13	Net Responses	Net Response Rate
Bank 1	High	\$ 546,458	10.18%	128	81	63.3%
Bank 2	High	603,091	11.10%	130	75	57.7%
Bank 3	High	1,748,928	11.74%	374	148	39.6%
Bank 4	High	808,260	14.11%	163	124	76.1%
Bank 5	High	579,821	11.05%	131	108	82.4%
Totals - High Banks in Sample		NA	NA	926	536	NA
Averages - High Banks in Sample		\$ 857,312	11.64%	185	107	57.9%
Bank 6	Low	\$ 256,769	4.74%	48	36	75.0%
Bank 7	Low	575,583	1.16%	75	29	38.7%
Bank 8	Low	344,778	4.21%	87	36	41.4%
Bank 9	Low	318,450	2.69%	88	49	55.7%
Totals - Low Banks in Sample		NA	NA	298	150	NA
Averages - Low Banks in Sample		\$ 373,895	3.20%	75	38	50.3%
Totals - All Banks in Sample		NA	NA	1,224	686	NA
Averages - All Banks in Sample		\$ 642,460	7.89%	136	76	56.0%

The data included in Table 7 was extracted from a commercially available financial institution database during the fall of 2013. Asset size as of the most recent financial year-end when selected (December 31, 2012) was used as a basis to ensure the banks met the selection criteria. The number of FTE's was obtained verbally from each bank's human resource manager as of December 31, 2013. The four year average ROE was calculated by averaging the ROE for the full years 2010, 2011, 2012 and an annualized June 30, 2013 ROE figure for each institution. All financial data extracted from the commercially available database was verified by the researcher by reference to public reports available on the FDIC web site.

The average asset size of the high performing banks was \$857.3 million and the average asset size for the low performing banks was \$373.9 million. The average asset size of all banks participating in the survey was \$642.5 million. The total number of employees (FTEs) of all banks participating in the survey was 1,224. A total of 709 responses were received from all banks but 23 of the responses were eliminated from the survey results because of incomplete data resulting in a net useable response total of 686 surveys. The net useable responses were comprised of 536 responses from the high performing banks and 150 from the low performing banks. The overall net response rate for the survey was 56.0% with a net response rate of 57.9% from the high performing banks and 50.3% from the low performing banks. The response rate was higher than expected and the researcher attributes the better results to obtaining the permission and support of the executive management group in each bank prior to conducting the surveys. Differences exist between the performance groups in total asset sizes, number of employees, and survey response rates. However both samples are representative of their respective populations (See Table 3) and sufficiently large to produce reliable results (Gravetter & Wallnau, 2000).

Respondent Demographics

The frequency and percentage data for the demographic variables on the survey instrument are presented in Table 8 by bank performance group. Demographics collected include gender, age, job level, and job tenure. The respondents were mostly female (76.8%) and primarily considered themselves non-officers (76.5%) regarding job level. Most respondents (63.1%) were in the top two age group categories which consisted of the 41-to-50 (25.8%) and the over 50 (37.3%) age groups. Respondents were relatively

evenly distributed across the job tenure categories with the largest group in the “10 years or more” category.

Table 8

Respondent Demographics

Variable	Category	High Banks		Low Banks		Total	
		n	%	n	%	n	%
Gender							
	Male	112	20.9%	47	31.3%	159	23.2%
	Female	424	79.1%	103	68.7%	527	76.8%
	Total Respondents	536		150		686	
Age							
	Under 21 years	10	1.9%	1	0.7%	11	1.6%
	21 to 30 years	96	17.9%	20	13.3%	116	16.9%
	31 to 40 years	98	18.3%	28	18.7%	126	18.4%
	41 to 50 years	129	24.1%	48	32.0%	177	25.8%
	over 50 years	203	37.9%	53	35.3%	256	37.3%
	Total Respondents	536		150		686	
Job Level							
	Non- Officer	414	77.2%	111	74.0%	525	76.5%
	Officer	122	22.8%	39	26.0%	161	23.5%
	Total Respondents	536		150		686	
Job Tenure							
	Less than 5 years	179	33.4%	43	28.7%	222	32.4%
	5 years to less than 10 years	145	27.1%	49	32.7%	194	28.3%
	10 years or more	212	39.6%	58	38.7%	270	39.4%
	Total Respondents	536		150		686	

Descriptive Statistics

Tables 9 – 11 present the descriptive statistics for the dependent variables for the high performing participating banks, low performing participating banks, and all participating banks combined from SPSS software.

Table 9

Descriptive Statistics – High Performing Banks

Dependent Variable	N	Range	Minimum	Maximum	Mean	Std. Deviation
Job in General Work	536	24	0	24	19.30	5.255
Pay	536	18	0	18	12.89	4.655
Promotion	536	18	0	18	9.96	5.994
Supervision	536	18	0	18	9.10	6.042
Co-Workers	536	18	0	18	13.12	5.158
Valid N (listwise)	536				14.94	4.041

Table 10

Descriptive Statistics – Low Performing Banks

Dependent Variable	N	Range	Minimum	Maximum	Mean	Std. Deviation
Job in General Work	150	24	0	24	16.44	7.069
Pay	150	18	0	18	10.42	5.742
Promotion	150	18	0	18	8.61	5.778
Supervision	150	18	0	18	4.09	4.489
Co-Workers	150	18	0	18	13.60	4.360
Valid N (listwise)	150				13.51	4.515

Table 11

Descriptive Statistics – All Participating Banks

	N	Range	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Job in General Work	686	24	0	24	18.67	5.817
Pay	686	18	0	18	12.35	5.014
Promotion	686	18	0	18	9.67	5.969
Supervision	686	18	0	18	8.00	6.099
Co-Workers	686	18	0	18	13.23	4.996
Valid N (listwise)	686				14.63	4.188

Results of Research Questions

A quantitative, non-experimental research approach was applied to measure the relative differences in employee satisfaction levels for both the job in general and five specific facets of job satisfaction as between high and low performing community banks in Pennsylvania. The results of the two primary research questions, and the respondent demographic data analysis and AJIG/ROE correlation analysis related to research question one are presented and analyzed in this section.

Results – Research Question One

Research Question One: Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJIG survey instrument?

Research question one was posed to determine if a difference exists in the degree of overall employee job satisfaction between high performing and low performing community banks in Pennsylvania as measured by the AJIG survey instrument. The dependent variable for research question one was the job in general satisfaction score obtained from the AJIG survey results. The independent variable was the category of financial performance of the surveyed banks (High Performing and Low Performing).

An independent-samples t-test was conducted to compare the mean job in general satisfaction scores as measured by the AJIG scale for high performing and low performing community banks located in Pennsylvania. Results of the Levene's test for equality of means indicated that equal variances could not be assumed and a frequency distribution analysis indicated that the results were not normally distributed.

Accordingly, the significance value (alpha) was set more conservatively at .01 instead of .05 due to the violation of normality and the equality of variances (Cohen, 1988). There was a significant difference in scores for high performing banks (M=19.30, SD=5.255) and low performing banks (M=16.44, SD=7.069) conditions; $t(197)=4.606$, $p=.000$. The magnitude of the difference however was very small (eta squared = .030). These results suggest that although a statistically significant difference exists in overall job satisfaction between high performing banks and low performing banks, the difference is not significant in a practical sense. Both high performing banks and low performing banks were in the satisfied range of the AJIG scale.

Since a statistically significant difference was identified between the job in general satisfaction scores between high performing and low performing banks in Pennsylvania, it was concluded that the null hypothesis for research question one is rejected and the alternate hypothesis is supported although the difference does not indicate practical significance.

Figure 1 presents the range of the AJIG scale and the placement of the mean scores for the high performing banks and the low performing banks.

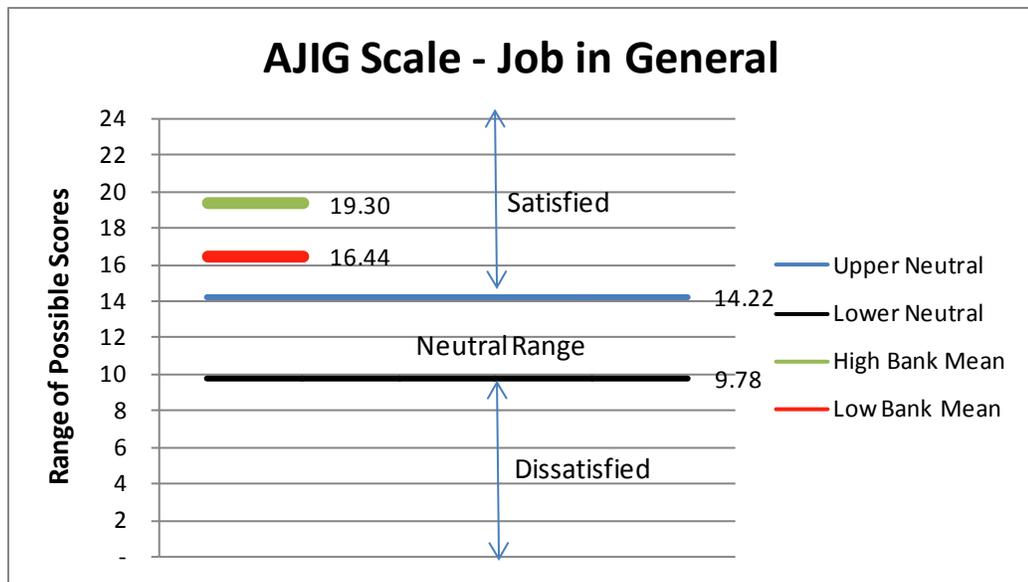


Figure 1. AJIG scale and mean results.

Results – Research Question Two

Research Question Two: Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument?

Research question two has five related subparts and was posed to determine if there is a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument. The dependent variables for research question two were the levels of employee satisfaction with specific elements of job satisfaction as measured by the AJDI survey instrument

(work on present job, supervision, opportunities for promotion, people at work, and present pay). The independent variable was the category of financial performance of the surveyed banks (High Performing and Low Performing).

Separate independent-samples t-tests were conducted to compare the mean satisfaction scores for each of the five subsets of the AJDI scale for high performing and low performing community banks located in Pennsylvania. Results of the Levene's test for equality of means indicated that equal variances could not be assumed for four of the five subsets (Equal variances could be assumed for the subset facet of present pay) and a frequency distribution analysis indicated that the results for all five job satisfaction facet subsets were not normally distributed. Accordingly, the significance value (alpha) was set more conservatively at .01 instead of .05 due to the violation of normality and the equality of variances (Cohen, 1988). The results of the five independent-samples t-tests for each of the five subset facets of job satisfaction as measured by the AJDI scale are presented below.

Work on Present Job

An independent samples t-test was conducted to compare the mean satisfaction scores for *work on present job* as measured by the AJDI scale for high performing and low performing community banks located in Pennsylvania. There was a significant difference in scores for high performing banks (M=12.89, SD=4.655) and low performing banks (M=10.42, SD=5.742) conditions; $t(207)=4.845$, $p=.000$. The magnitude of the difference however was very small (eta squared = .033). These results suggest that although a statistically significant difference exists in satisfaction scores for *work on present job* as measured by the AJDI scale between high performing banks and

low performing banks in Pennsylvania, the difference is not significant in a practical sense. High performing banks scored within the satisfied range of the AJDI scale for *work on present job* whereas low performing banks scored at the top end of the neutral range.

Since a statistically significant difference was identified for the *work on present job* satisfaction scores between high performing and low performing banks in Pennsylvania, it was concluded that the null hypothesis for research question 2-A (H2A_o) is rejected and the alternate hypothesis (H2A_a) is supported although the difference is small from a practical perspective.

Figure 2 presents the range of the AJDI scale for Work on Present Job and the placement of the mean scores for the high performing banks and the low performing banks.

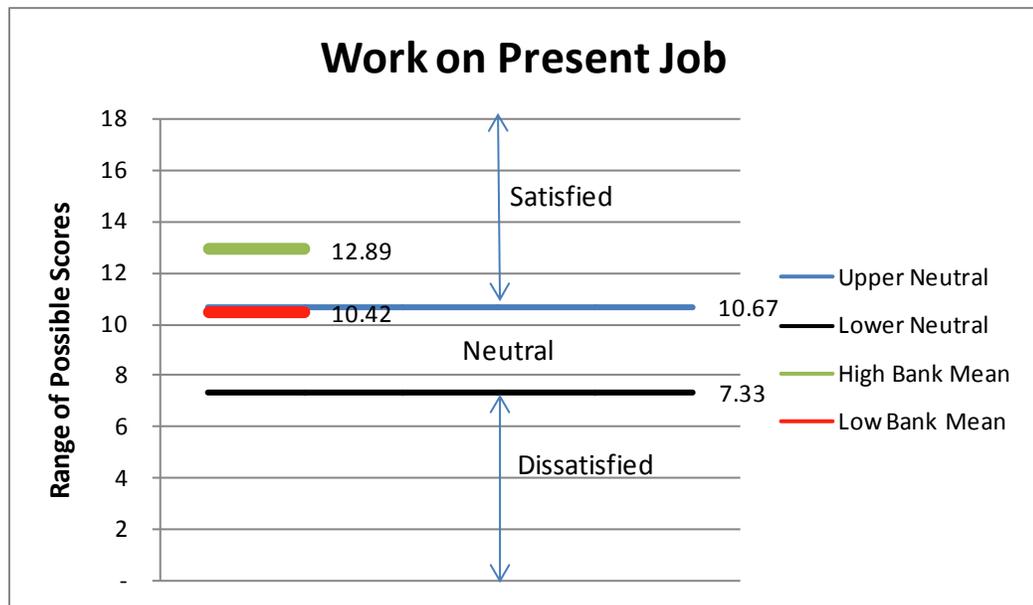


Figure 2. AJDI scale and mean results for work on present job.

Pay

An independent samples t-test was conducted to compare the mean satisfaction scores for *pay* as measured by the AJDI scale for high performing and low performing community banks located in Pennsylvania. There was no significant difference in scores for high performing banks (M=9.96, SD=5.994) and low performing banks (M=8.61, SD=5.778) conditions; $t(684)=2.468$, $p=.014$. The magnitude of the difference was very small (eta squared = .009). These results suggest that there is little difference in the satisfaction scores for *pay* as measured by the AJDI scale between high performing banks and low performing banks in Pennsylvania. Both groups scored in the neutral range of the AJDI for *pay*.

Since no significant difference was identified for the *pay* satisfaction scores between high performing and low performing banks in Pennsylvania, it was concluded that the null hypothesis for research question 2-B (H2B_o) is accepted and the alternate hypothesis (H2B_a) is not supported.

Figure 3 presents the range of the AJDI scale for pay and the placement of the mean scores for the high performing banks and the low performing banks.

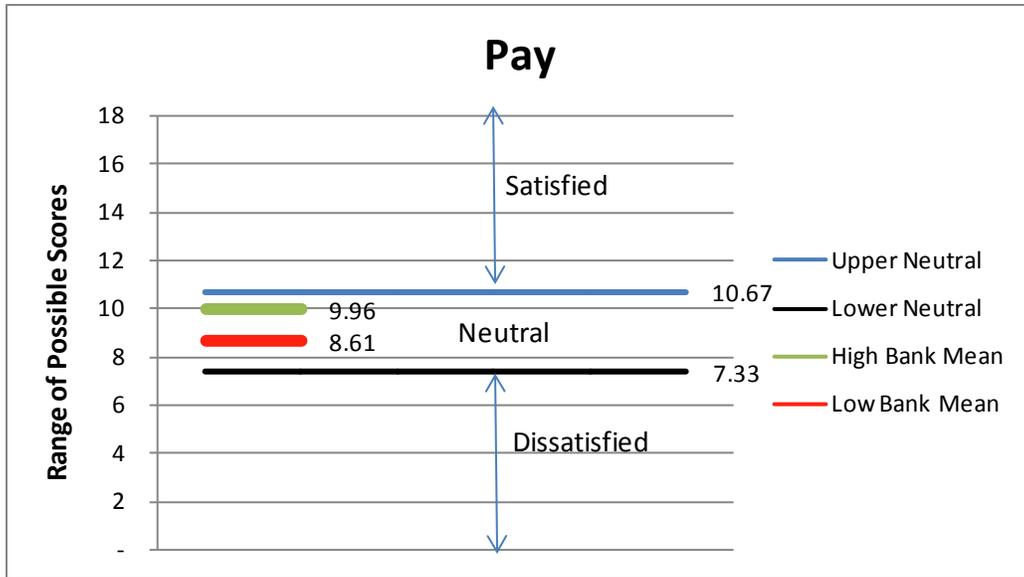


Figure 3 . AJDI scale and mean results for pay.

Opportunities for Promotion

An independent samples t-test was conducted to compare the mean satisfaction scores for *opportunities for promotion* as measured by the AJDI scale for high performing and low performing community banks located in Pennsylvania. There was a significant difference in scores for high performing banks (M=9.10, SD=6.042) and low performing banks (M=4.09, SD=4.489) conditions; $t(316)=11.145$, $p=.000$. Additionally, the magnitude of the difference is considered large (eta squared = .154) (Cohen, 2008). These results suggest that employee attitudes towards *opportunities for promotion* differ significantly between high performing banks and low performing banks as measured by the AJDI. High performing banks scored in the neutral range of satisfaction with *opportunities for promotion* while low performing banks scored in the dissatisfied range.

Since a statistically significant difference was identified for the *opportunities for promotion* satisfaction scores between high performing and low performing banks in

Pennsylvania, it was concluded that the null hypothesis for research question 2-C (H2C_o) is rejected and the alternate hypothesis (H2C_a) is supported.

Figure 4 presents the range of the AJDI scale for *opportunities for promotion* and the placement of the mean scores for the high performing banks and the low performing banks.

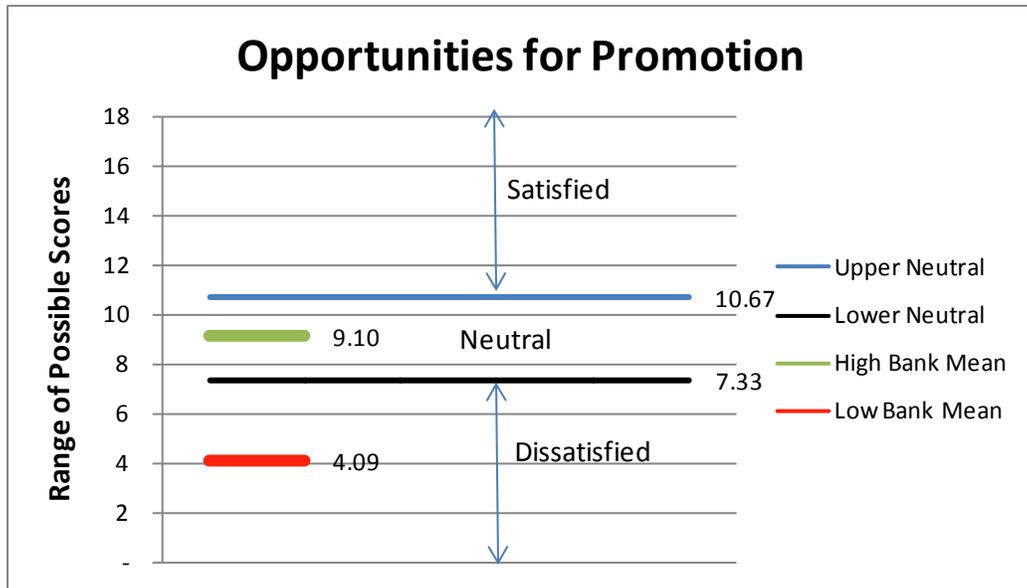


Figure 4. AJDI scale and mean results for promotion.

Supervision

An independent samples t-test was conducted to compare the mean satisfaction scores for *supervision* as measured by the AJDI scale for high performing and low performing community banks located in Pennsylvania. There was no significant difference in scores for high performing banks (M=13.12, SD=5.158) and low performing banks (M=13.60, SD=4.360) conditions; $t(277)=-1.136$, $p=.257$. The magnitude of the difference was very small (eta squared = .002). These results suggest that there is little difference in the satisfaction scores for *supervision* as measured by the AJDI scale between high performing banks and low performing banks in Pennsylvania. Both high

performing bank and low performing bank scores scored within the satisfied range of the AJDI scale for *supervision*.

Since no significant difference was identified for the *supervision* satisfaction scores between high performing and low performing banks in Pennsylvania, it was concluded that the null hypothesis for research question 2-B (H2D_o) is accepted and the alternate hypothesis (H2D_a) is not supported.

Figure 5 presents the range of the AJDI scale for *supervision* and the placement of the mean scores for the high performing banks and the low performing banks.

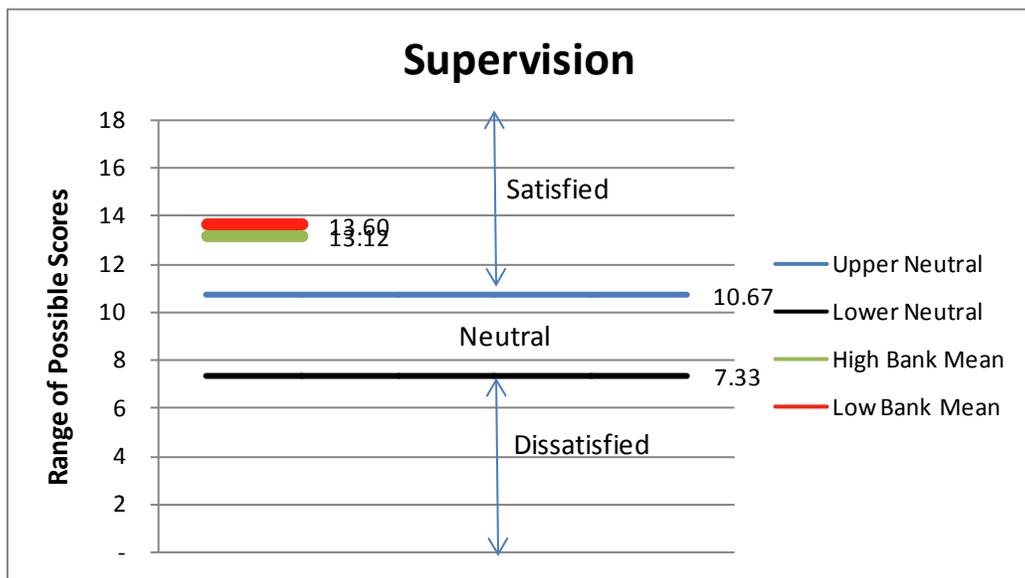


Figure 5. AJDI scale and mean results for supervision.

People at Work (Co-Workers)

An independent samples t-test was conducted to compare the mean satisfaction scores for *people at work (co-workers)* as measured by the AJDI scale for high performing and low performing community banks located in Pennsylvania. There was a significant difference in scores for high performing banks (M=14.94, SD=4.041) and low performing banks (M=13.51, SD=4.515) conditions; $t(220)=3.498$, $p=.001$. The

magnitude of the difference however was very small (eta squared = .018) (Cohen, 1988). These results suggest that although a statistically significant difference exists in satisfaction scores for *people at work (co-workers)* as measured by the AJDI scale between high performing banks and low performing banks in Pennsylvania, the difference is not significant in a practical sense. Both high performing banks and low performing banks were in the satisfied range of the AJDI scale for *people at work (co-workers)*.

Since a statistically significant difference was identified for the *people at work (co-workers)* satisfaction scores between high performing and low performing banks in Pennsylvania, it was concluded that the null hypothesis for research question 2-E (H2E_o) is rejected and the alternate hypothesis (H2E_a) is supported although the difference is small from a practical perspective.

Figure 6 presents the range of the AJDI scale for *people at work (co-workers)* and the placement of the mean scores for the high performing banks and the low performing banks.

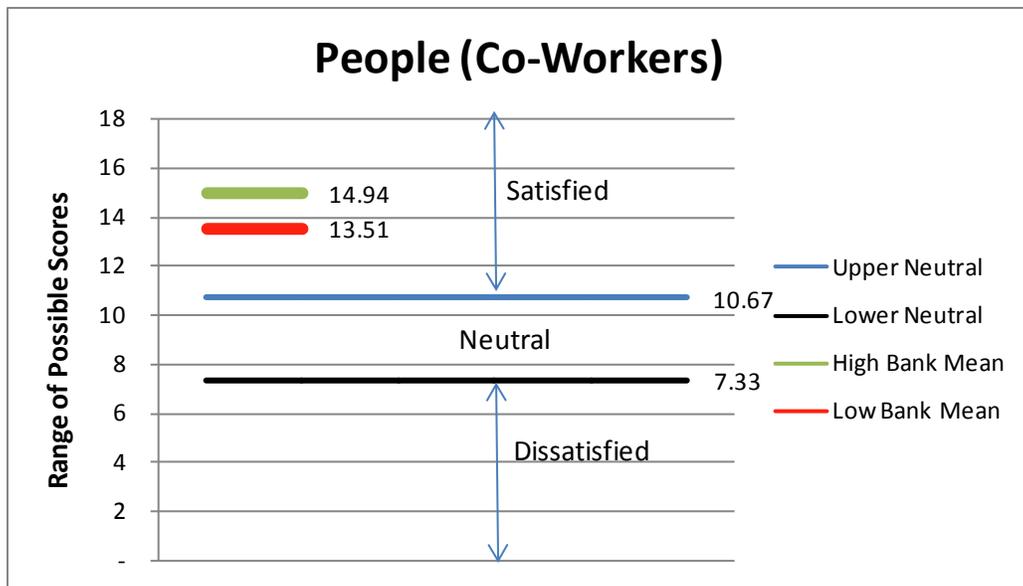


Figure 6. AJDI scale and mean results for people at work (co-workers).

Table 12 presents the overall results for the independent-samples t-tests conducted for each of the five sub-scales on the AJDI scale.

Table 12

Means, Standard Deviations, and t-test Results from the AJDI Scale

Sub-Scale	High Performing Banks		Low Performing Banks		eta squared	t-test		
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		<i>t</i>	<i>df</i>	<i>p</i>
1. Work ⁽¹⁾	12.89	4.66	10.42	5.74	.033	4.85	207	.000*
2. Pay ⁽²⁾	9.96	5.99	8.61	5.78	.009	2.47	684	.014
3. Promotion ⁽¹⁾	9.10	6.04	4.09	4.49	.154	11.15	316	.000*
4. Supervision ⁽¹⁾	13.12	5.16	13.60	4.36	.002	-1.14	277	.257
5. Co-Workers ⁽¹⁾	14.94	4.04	13.51	4.52	.018	3.50	220	.001*

**p* < .01

⁽¹⁾ Equal variances not assumed. ⁽²⁾ Equal variances assumed.

Results – Respondent Demographic Data Analysis

Respondents supplied certain demographic information along with their responses to the primary survey questions. Demographic data was collected on gender, age, job level, and job tenure of respondents. Separate two-way between-groups ANOVAs were conducted on the independent variable demographic characteristics of gender, age, job level, and job tenure and the dependent variable, satisfaction scores on the AJIG scale.

Results of the Levene's tests for equality of means indicated that equal variances could not be assumed for the ANOVA tests. Accordingly, the significance value (alpha) for the two-way ANOVAs was set more conservatively at .01 instead of .05 (Cohen, 1988). Each of the following two-way between groups ANOVAs conducted for demographic characteristics indicated a statistically significant main effect difference for performance group (Gender, $p = .000$, Age, $p = .007$, Position in Bank, $p = .000$, and Job Tenure, $p = .000$) and small effect sizes as measured by partial eta square (Gender = .03, Age = .011, Job Level = .015, and Job Tenure = .045). The results from the two-way between-group ANOVAs for the main effect for performance group were consistent with a separately conducted independent-samples t -test between performance group and job-in-general as measured by the AJIG scale (See "Results – Research Question One").

Gender

A two-way between-groups analysis of variance was conducted to explore the impact of bank performance and gender on overall employee satisfaction levels as measured by the AJIG survey instrument. Participants were divided into two groups according their bank's profitability as measured by the four-year average ROE percentage (Group 1: High Average ROE; Group 2: Low Average ROE). Table 13

below displays the results of the two-way between-groups ANOVA test for the job in general satisfaction score based on bank performance and the respondent's gender.

Table 13

Two-Way ANOVA for the AJIG Satisfaction Score Based on Performance and Gender

Source	SS	df	MS	F	p	Partial Eta Squared
Performance Group	681.57	1	681.57	20.947	.000 *	.030
Gender	21.27	1	21.27	.654	.419	.001
Performance Group X Gender	20.49	1	20.49	.630	.428	.001
Error	22,190.30	682	32.54			
Total	23,175.20	685				

* $p < .01$

The interaction effect between bank performance group and gender was not statistically significant, $F(1,682) = .630, \rho = .428$. There was a statistically significant main effect for performance group, $F(1,682) = 20.947, \rho = .000$. The effect size for performance group was small (partial eta squared = .030). The results for the main effect for performance group were consistent with a separately conducted independent-samples t-test. (See “Results – Research Question one”). The main effect for gender, $F(1,682) = .654, \rho = .419$ did not reach statistical significance.

Age

A two-way between-groups analysis of variance was conducted to explore the impact of bank performance and age on overall employee satisfaction levels as measured by the AJIG survey instrument. The survey instrument provided for five age groups; under 21, 21 to 30, 31 to 40, 41 to 50, and over 50. Participants were divided into two groups according their bank's profitability as measured by the four-year average ROE

percentage (Group 1: High Average ROE; Group 2: Low Average ROE). Table 14 below displays the results of the two-way between-groups ANOVA test for the job in general satisfaction score based on bank performance and the respondent's age group.

Table 14

Two-Way ANOVA for the AJIG Satisfaction Score Based on Performance and Age

Source	SS	df	MS	F	p	Partial Eta Squared
Performance Group	235.93	1	235.93	7.445	.007 *	.011
Age Group	551.26	4	137.81	4.349	.002 *	.025
Performance Group X Age Group	325.19	4	81.30	2.565	.037	.015
Error	21,422.62	676	31.69			
Total	23,175.20	685				

* $p < .01$

The interaction effect between bank performance group and age was not statistically significant, $F(4,676) = 2.565$, $p = .037$. There was a statistically significant main effect for performance group, $F(1,676) = 7.445$, $p = .007$. The effect size for performance group was very small (partial eta squared = .011). The results for the main effect for performance group were consistent with a separately conducted independent-samples t-test. (See “Results – Research Question one”). The main effect for age, $F(4,676) = 4.349$, $p = .002$ was statistically significant but the effect size for age was very small (partial eta squared = .025). Post hoc comparisons using the Tukey HSD test indicated that the mean score for the 21 to less than 30 years age group ($M = 17.52$, $SD = 6.18$) was significantly different ($p = .008$) from the over 50 years age group ($M = 19.61$, $SD = 5.28$). The differences between the other age groups did not reach statistical significance.

These results indicate that similar age groups from each group of banks were not significantly different from each other regarding their overall satisfaction levels but differences do exist between different age groups in the overall population of employees from both groups of banks. The largest differences were between the “over 50” age group and the “21 – 30” age group.

Job Level

A two-way between-groups analysis of variance was conducted to explore the impact of bank performance and job level on overall employee satisfaction levels as measured by the AJIG survey instrument. Participants were divided into two groups according to their bank’s profitability as measured by the four-year average ROE percentage (Group 1: High Average ROE; Group 2: Low Average ROE). For purposes of the analysis, job level responses on the survey were transformed into two groups, officers and non-officers. Table 15 below displays the results of the two-way between-groups ANOVA test for the job in general satisfaction score based on bank performance and the respondent’s job level.

Table 15

Two-Way ANOVA for the AJIG Satisfaction Score Based on Performance and Job Level

Source	SS	df	MS	F	p	Partial Eta Squared
Performance Group	322.36	1	322.36	10.359	.001 *	.015
Job Level	986.43	1	986.43	31.700	.000 *	.044
Performance Group X Job Level	374.62	1	374.62	12.039	.001 *	.017
Error	21,222.39	682	31.12			
Total	23,175.20	685				

* $p < .01$

The interaction effect between bank performance group and job level in the bank was statistically significant, $F(1,682) = 12.039$, $\rho = .001$. The effect size for the interaction of performance and job level was small however (partial eta squared = .017). There was a statistically significant main effect for performance group, $F(1,682) = 10.359$, $\rho = .001$. The effect size for performance group was small (partial eta squared = .015). The results for the main effect for performance group were consistent with a separately conducted independent-samples t-test (See “Results – Research Question One”). The main effect for job level was also significant, $F(1,682) = 31.7$, $\rho = .000$. The effect size for job level was between small and medium with a partial eta square of .044.

Table 16 presents descriptive statistics for the interaction between bank performance and employee job level for job in general as measured by the AJIG scale.

Table 16

Descriptive Statistics - Interaction Between Performance and Job Level – Job in General

<u>Bank Performance</u>	<u>Job Level</u>	<u>N</u>	<u>M</u>	<u>SD</u>
High Performing Banks	Officer	122	20.29	4.541
	Non-Officer	414	19.00	5.418
	Total	536	19.30	5.255
Low Performing Banks	Officer	39	20.44	5.165
	Non-Officer	111	15.04	7.129
	Total	150	16.44	7.069
Total - All Banks	Officer	161	20.32	4.683
	Non-Officer	525	18.17	6.036
	Total	686	18.67	5.817

For respondents from high performing banks, the job in general mean satisfaction levels between officers and non-officers were generally similar ($M = 20.29$ versus $M = 19.00$). However, for respondents from low performing banks, the job in general satisfaction scores between officers and non-officers was much larger ($M = 20.44$ versus $M = 15.04$). The difference in job in general satisfaction scores between officers in high performing banks ($M = 20.29$, $SD = 4.541$) versus officers in low performing banks ($M = 20.44$, $SD = 5.165$) was not significant with low performing bank officers actually being marginally more satisfied with the job in general. However the difference in satisfaction scores between non-officers in high performing banks ($M = 19.00$, $SD = 5.255$) and non-officers in low performing banks ($M = 15.04$, $SD = 7.13$) was significantly larger with a

partial eta squared approaching medium effect at 5.39. These results indicate that non-officers in low performing banks are significantly less satisfied than non-officers in high performing banks and since officers in both groups of banks had similar satisfaction levels, the overall difference between high banks and low banks relating to job level is almost exclusively related to the non-officer difference.

Figure 7 presents the range of the AJIG scale for Job in General satisfaction scores and the placement of the mean scores for non-officers in the high performing banks versus non-officers in the low performing banks.

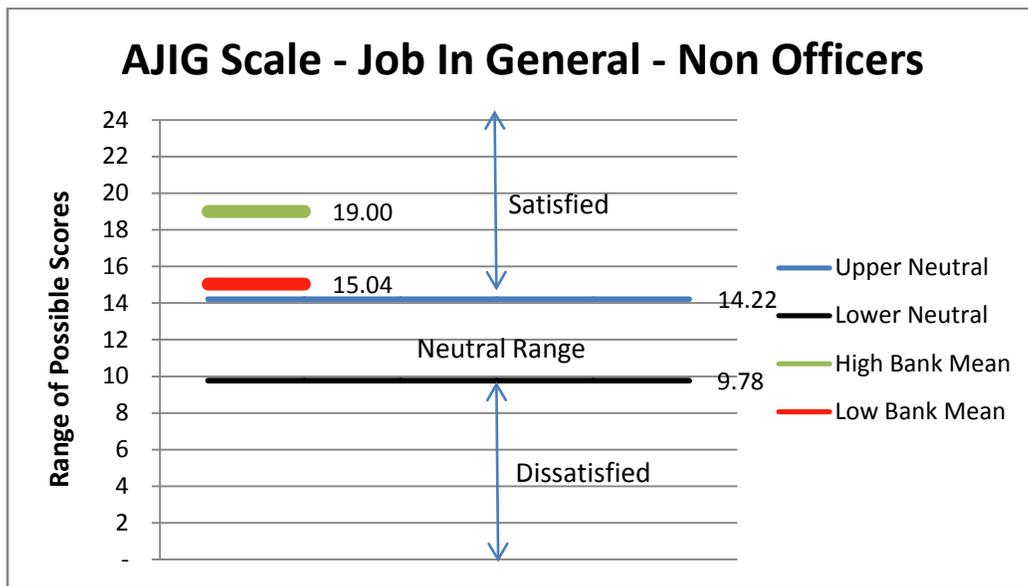


Figure 7. AJIG scale and mean results for non-officers between high and low banks.

Job Tenure

A two-way between-groups analysis of variance was conducted to explore the impact of bank performance and job tenure on overall employee satisfaction levels as measured by the AJIG survey instrument. The survey instrument provided for three tenure groups; Less than 5 years, 5 years to less than 10 years, and 10 years or more.

Participants were divided into two groups according to their bank's profitability as

measured by the four-year average ROE percentage (Group 1: High Average ROE; Group 2: Low Average ROE). Table 17 displays the results of the two-way between-groups ANOVA test for the job in general satisfaction score based on bank performance and the respondent's job tenure.

Table 17

Two-Way ANOVA for the AJIG Satisfaction Score Based on Performance and Job Tenure

Source	SS	df	MS	F	p	Partial Eta Squared
Performance Group	1,029.81	1	1,029.81	32.222	.000*	.045
Tenure Group	366.10	2	183.05	5.728	.003*	.017
Performance Group X Tenure Group	320.65	2	160.32	5.016	.007*	.015
Error	21,732.45	680	31.96			
Total	23,175.20	685				

* $p < .01$

The interaction effect between bank performance group and job tenure on the AJIG satisfaction score was statistically significant, $F(2,680) = 5.016$, $\rho = .007$ but the effect size was very small (partial eta squared = .017) (Cohen, 1988). There was also a statistically significant main effect for performance group, $F(1,680) = 32.222$, $\rho = .000$. The effect size for performance group was between small and medium (partial eta squared = .045) (Cohen, 1988). The results for the main effect for performance group were consistent with a separately conducted independent-samples t-test. (See “Results – Research Question one”). The main effect for tenure, $F(2,680) = 5.728$, $\rho = .003$ was significant but the effect size was very small (partial eta squared = .017). These results

suggest that the interaction of job tenure and bank performance has an impact on the overall job satisfaction scores as measured by the AJIG scale but has little practical significance. The results also indicate that job tenure by itself has an impact on overall job satisfaction scores but not at a significant effect level.

Table 18 presents descriptive statistics for the interaction between bank performance and employee job tenure for job in general as measured by the AJIG scale.

Table 18

Descriptive Statistics - Interaction Between Performance and Job Tenure – Job in General

Bank Performance	Tenure Group	<i>N</i>	<i>M</i>	<i>SD</i>
High Performing Banks	Less than 5 years	179	19.72	4.88
	5 years to less than 10 years	145	18.88	5.92
	10 years or more	212	19.23	5.08
	Total	536	19.30	5.25
Low Performing Banks	Less than 5 years	43	15.72	7.38
	5 years to less than 10 years	49	14.63	7.61
	10 years or more	58	18.50	5.85
	Total	150	16.44	7.07
Total - All Banks	Less than 5 years	222	18.94	5.66
	5 years to less than 10 years	194	17.80	6.63
	10 years or more	270	19.07	5.25
	Total	686	18.67	5.82

Post hoc comparisons on the interaction effect using the Tukey HSD test indicated that the differences lie between the “5 to less than 10 years” group ($M = 17.80$, $SD = 6.63$) and the “10 years or more” group ($M = 19.07$, $SD = 5.25$), ($p = .001$). The “less than 5 years” group ($M = 18.94$, $SD = 5.66$) did not differ significantly from either

of the other two groups. These results suggest that the longer individuals stay employed at each institution, the higher their job in general satisfaction scores.

These results indicate that similar tenure classes from each group of banks were different from each other regarding their overall satisfaction levels and that differences exist between different tenure classes in the overall population of employees from both groups of banks. The largest difference was between the “5 to less than 10 years” and the “10 years or more” tenure classes for both groups of banks.

Results – Correlation Analysis

Since the results for research question one indicated a statistically significant difference for the job in general satisfaction score between high performing banks and low performing banks [$t(197)=4.606$, $p=.000$] with a small effect size ($\eta^2 = .030$), the difference was further analyzed to determine if the individual bank job in general scores and their respective four-year average ROEs were correlated. The four-year average ROE for each participating bank along with the mean AJIG satisfaction score for each bank is presented in Table 19. A scatter plot summarizes the results (Figure 8).

Table 19

Individual Participating Bank Average ROE and AJIG Scores

Bank ID	4 Year Avg. ROE	Mean AJIG Score
Bank 1	10.18%	18.63
Bank 2	11.10%	17.84
Bank 3	11.74%	19.86
Bank 4	14.11%	20.23
Bank 5	11.05%	18.95
Bank 6	4.74%	16.06
Bank 7	1.16%	16.62
Bank 8	4.21%	14.24
Bank 9	2.69%	18.08

A Pearson product-moment correlation coefficient was computed to assess the relationship between the average profitability of participating banks (as measured by four-year average ROE) and the mean job in general satisfaction score (as measured by the AJIG scale). There was a strong, positive correlation between the two variables [$r = .75$, $n=9$, $p=.020$], with high average ROE results associated with higher levels of satisfaction with the job in general. Overall, the strong positive correlation between the two variables suggests that as profitability increases (as measured by four-year average ROE), so too does overall job satisfaction (as measured by the AJIG survey scale). Although the results are correlated, correlation does not prove causation (Creswell, 2002). It is beyond the scope of the present work to resolve exactly why the respondents were satisfied or dissatisfied with their jobs or why the satisfaction scores were correlated with profitability in the sample banks.

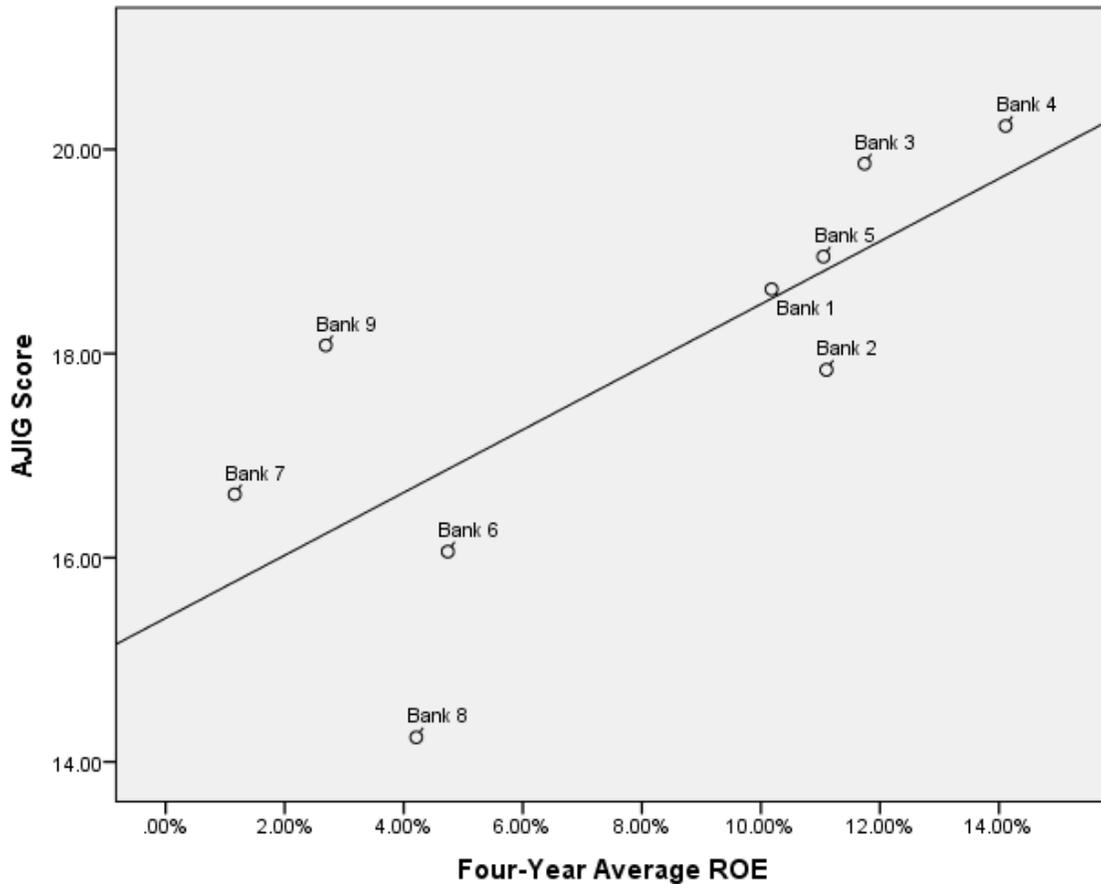


Figure 8. Scatter plot - AJIG scores and participating bank average ROEs.

Summary

This research had two primary objectives. The first objective was to determine if differences existed in the overall levels of job satisfaction between high performing and low performing community banks in Pennsylvania. The second objective was to determine if differences existed in levels of satisfaction with specific facets of job satisfaction (work on present job, pay, promotion, supervision, and people at work) between high performing and low performing community banks in Pennsylvania. Additionally, selected demographic characteristics of respondents (gender, age, job level, and job tenure) were analyzed to determine if differences in overall job satisfaction levels

between high and low performing banks were influenced by these demographic characteristics. Lastly, a correlation analysis was performed to determine if ROE percentages and job satisfaction scores were correlated between the two groups of participating banks (high performers and low performers).

The analysis of overall job satisfaction score differences between the two groups disclosed that both groups of bank employees were generally satisfied with their jobs but independent-samples t-test results indicated a statistically significant difference ($p = .000$) in overall satisfaction scores existed between employees of high performing banks versus employees of low performing banks. The difference was of a small effect however with an eta squared of .03.

An analysis of the differences in satisfaction scores between high performing and low performing banks regarding specific facets of job satisfaction by conducting independent-samples t-tests on each facet produced mixed results. Employees of both groups were generally satisfied with supervision and people at work although a statistically significant difference existed between high and low bank scores relating to the facet of people at work ($p = .001$). Employees of high performing banks were generally satisfied with their work on present job but employees of low performing banks were neutral on that facet with a statistically significant difference between the two groups of $p = .000$. With regard to pay and opportunities for promotion, employees of high performing banks were neutral while employees of low performing banks were dissatisfied for both facets. However, a statistically significant difference ($p = .000$) was found between the two groups for opportunities for promotion.

The analysis of the effect of demographic characteristics on the overall job satisfaction scores between the two groups of banks also produced mixed results. Separate two-way between group ANOVAs indicated that the respondents' age, job level, and job tenure had an impact on the satisfaction score differences between high and low performing banks. The impact of gender on the overall satisfaction scores was not significant.

The results indicated that respondents over 50 years old were generally more satisfied than younger respondents. This is consistent with the findings of Zeffon, Ibrahim, and Mehairi (2008). There was no interaction effect on age. Officers were generally more satisfied than non-officers with the difference between groups attributable almost exclusively to non-officers. The officers in both high and low performing banks produced similar overall job satisfaction scores. Employees with 10 or more years of experience were generally more satisfied than employees with less tenure. A Post hoc comparison indicated that the score differences related to tenure were primarily between the "5 to less than 10 years" group and the "10 years or more" group.

A Pearson product-moment correlation coefficient was computed to assess the relationship between the average profitability of participating banks and their mean job in general satisfaction scores. There was a strong, positive correlation between the two variables [$r = .75$, $n=9$, $p=.020$], with high average ROE results associated with higher levels of satisfaction with the job in general. The strong positive correlation between the two variables suggests that as profitability increases, so too does overall job satisfaction. As previously stated however, correlation does not prove causation (Creswell, 2002).

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

Overview

Banking is a highly competitive industry that has experienced significant consolidation in the past several decades (FDIC, 2013). When consolidations occur it is more common for larger institutions to acquire smaller institutions. Accordingly, to remain viable independent organizations, smaller banks must demonstrate that they are capable of providing sufficient rewards to satisfy their primary stakeholders (owners, employees, customers) or run the risk of being acquired by a larger institution that is able to do so. The financial success or failure of a financial institution, like other organizations, is partially dependent on the capabilities of their employees (Morrell, Loan-Clarke, & Wilkinson, 2004). Previous studies have explored the relationship of firm performance and employee satisfaction levels (Abbott, 2003; Kidd, 2006, Maister, 2001), but literature is lacking on employee satisfaction levels, and the relationship to financial performance. To address this shortfall, this study was undertaken to explore the relationship between job satisfaction and financial performance in Pennsylvania community banks. The study will be useful to human resource managers as they strive to establish positive working conditions and implement compensation/benefit programs that benefit both the organization and the employee.

This study examined the relative levels of job satisfaction at community banks that consistently perform well financially (high performing banks) and at community banks that do not (low performing banks). The purpose of the study was to add to the

body of knowledge relating to the relationship between job satisfaction and financial performance.

Banks in Pennsylvania were selected for the study based on their asset sizes (under \$2 billion) and their relative financial performance as measured by a calculated four-year ROE. Banks were separated into two performance categories based on their average ROEs. Of the 46 potential participating banks in each category, 5 agreed to participate from the high performing group and 4 from the low performing group. Surveys were sent electronically to the employees of the banks that agreed to participate. A total of 686 surveys were included in the study with 536 from the high performing banks and 150 from the low performing banks representing a total response rate of approximately 56% (See Table 7).

Two primary research questions were posed. The first research question related to whether or not a difference existed in overall job satisfaction levels between high performing and low performing community banks in Pennsylvania. The second research question explored the differences between specific facets of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work (co-workers). Additionally, research question one was further analyzed against demographic data supplied by the respondents to determine if demographic characteristics impacted overall job satisfaction scores. More specifically, a Pearson correlation analysis was also performed to determine if a correlation existed between job satisfaction scores and profitability as measured by ROE.

The AJIG and AJDI scales (Appendix A) were chosen to collect data from the employees of participating banks because they provide reliable and valid data on both the

job in general and the specific facets of job satisfaction of interest (Stanton et al., 2002). Additionally, the survey instrument collected demographic information on the respondents from each group of banks to further investigate differences in overall job satisfaction levels. Statistical data analysis was then conducted on the survey data to reveal any significant differences or interaction effects.

Discussion and Evaluation of Results

A quantitative, non-experimental research approach was applied to measure the relative differences in employee satisfaction levels for both the job in general and the specific facets of job satisfaction. The results of the two primary research questions, and the respondent demographic data analysis and AJIG/ROE correlation analysis related to research question one are discussed in detail below. This section also compares the results of this study to previous studies and underlying motivational theories.

Research Question One

Research Question One: Is there a difference in the degree of overall employee job satisfaction between high performing community banks in Pennsylvania and low performing community banks in Pennsylvania as measured by the AJIG survey instrument?

The results of the independent-samples t-test for research question one indicated that a statistically significant difference did exist between the overall job satisfaction levels of high performing banks versus low performing banks with employees of high performing banks having higher overall satisfaction levels than employees of low

performing banks. These results are similar to the findings of Abbott (2003), who found a positive correlation between employee job satisfaction levels and firm financial performance. However, both groups of employees in this study scored in the “satisfied” range of the AJIG scale for overall job satisfaction (See Figure 1). An eta squared effects test indicated that only 3% or less of the variance in job in general satisfaction scores could be attributable to bank performance. Although the null hypothesis for research question number one ($H1_o$) is rejected and the alternative hypothesis ($H1_a$) that a difference in overall job satisfaction levels exists between the two groups is accepted, the meaning of the statistically significant difference cannot be conclusively determined by this analysis. These results are consistent with the findings of Abbott (2003), Kidd (2006), and Maister (2001) who found that differences existed between job satisfaction and financial performance of the firm with higher satisfaction levels being associated with higher financial performance. The results are inconsistent with the finds of Ren (2001) and Lawler & Porter (1969) who were not able to find a relationship between firm performance and job satisfaction.

The results of this study could indicate either that more profitable banks provide environments that are more conducive to higher employee satisfaction levels or that higher satisfaction levels result in more profitable institutions. A debate exists as to which factor is the independent variable and which is the dependent variable (Balzer, et al., 2000). Further research will be necessary to determine if one variable “causes” the other. Regardless of the cause and effect relationship though, the positive relationship between satisfaction and profitability indicated by the survey results suggest both attributes deserve the attention of bank management.

Research Question Two

Research Question Two: Is there a difference in the degree of employee satisfaction with specific elements of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work, between high performing community banks and low performing community banks in Pennsylvania as measured by the AJDI survey instrument?

The results of my analysis indicated that statistically significant differences did exist for three of the five specific facets of job satisfaction. Differences in levels of employee satisfaction were noted for work on present job, opportunities for promotion, and people at work (co-workers). No significant differences in satisfaction scores were identified for the facets of pay and supervision. More detailed discussions of each tested facet of job satisfaction are presented below.

Work on Present Job

The results of the independent-samples t-test for the job satisfaction facet of work on present job indicated that a statistically significant difference existed between the satisfaction levels for work on present job of high performing banks versus low performing banks. Employees of high performing banks had relatively higher satisfaction levels for work on present job than employees of low performing banks. The employee scores of high performing banks scored within the “satisfied” range of the AJDI scale while the employee scores of the low performing banks scored at the high end of the “neutral” range (See Figure 2). However, an eta squared effects test indicated that less than 4% of the variance in work on present job satisfaction scores could be attributable to bank performance. Although the null hypothesis for this job facet (H2A_o)

is rejected and the alternative hypothesis (H2A_a) that a difference in work on present job satisfaction levels exists between the two groups is accepted, the meaning of the statistically significant difference cannot be conclusively determined by this analysis. Further research will be necessary to determine what other factors contributed to the difference in work on present job satisfaction levels between high and low performing banks in Pennsylvania.

Stanton, et al. (2002) suggested that, of the five facets of job satisfaction, employee perceptions of *work on present job* was the most closely related to their overall level of job satisfaction. The results of this study are consistent with Stanton's proposition. These findings underscore the significance of evaluating organizational job descriptions to eliminate tasks that have a negative impact on employee morale where possible. The findings suggest that this is especially true in low performing community banks where employees indicated a lower level of satisfaction with their daily work.

Pay

The results of the independent-samples t-test for the job satisfaction facet of pay indicated that no statistically significant difference existed between the satisfaction levels for pay in high performing banks versus low performing banks. Employees of high performing banks had relatively higher satisfaction levels for pay than employees of low performing banks. The employee scores of both high performing banks and low performing banks scored in the "neutral" range (See Figure 3). These findings suggest that employees of neither high performing nor low performing banks are particularly satisfied with their pay although not to the level of being dissatisfied. Accordingly, the null hypothesis for this job facet (H2B_o) is accepted and the alternative hypothesis

(H2B_a) that a difference in pay satisfaction levels exists between the two groups is rejected. These findings are consistent with other research that indicates that pay is not the most important factor in determining job satisfaction (Sinclair, 2004; Spector, 1997; Weis and Cropanzano, 1996; and Crumley, 2006).

The findings on pay satisfaction also emphasize the need for community bank management to find ways to engage and motivate their employees beyond just providing a paycheck. In accordance with the theories of Maslow (1954) and Herzberg (1959), pay satisfies the lower order needs and cannot create job satisfaction but can lead to job dissatisfaction. To help ensure that community bank compensation programs do not contribute to dissatisfaction with the job, they should be aligned with organizational goals that encourage employees to take an active part in the success of the company. The feeling of accomplishment associated with aligned compensation programs may have a positive impact on job satisfaction (Labovitz, 1997).

Opportunities for Promotion

The results of the independent-samples t-test for the job satisfaction facet of opportunities for promotion indicated that a statistically significant difference existed between high performing banks and low performing banks with employees of high performing banks having relatively higher satisfaction levels for opportunities for promotion than employees of low performing banks. The employee scores of high performing banks scored within the “neutral” range of the AJDI scale while the employee scores of the low performing banks scored well within the “dissatisfied” range (See Figure 4). Additionally, an eta squared effects test indicated that the effect of the difference in scores is large at 15% (Cohen, 1988). This indicates that approximately

15% of the difference in satisfaction scores for promotion can be attributed to bank financial performance. Accordingly, the null hypothesis for this job facet (H2C_o) is rejected and the alternative hypothesis (H2C_a) that a difference in opportunities for promotion satisfaction levels exists between the two groups is accepted. This finding has significant implications and suggests that employees of low performing banks may feel “trapped” in their positions with little opportunity to advance. The findings of this study are consistent with the findings of Mustapha & Zakaria (2013) who found that employee perceptions of the opportunities for advancing within the firm had an impact on their overall levels of job satisfaction.

Creating an environment where employees are engaged and feel connected with corporate objectives is critical to allowing them to see where their future potentially lies within the organization (Labovitz, 1997). Establishing a sound mentoring program for newer employees, creating a compensation program that is perceived as fair and equitable, and designing achievable career paths for newer employees are some of the things that community bank management can consider to improve their employees’ awareness of opportunities within the organization.

Supervision

The results of the independent-samples t-test for the job satisfaction facet of supervision indicated that no statistically significant difference existed between the satisfaction levels for supervision for high performing banks versus low performing banks with employees of both groups of banks scoring similarly in the “satisfied” range of the AJDI scale (See Figure 5). These findings suggest that employees of both high performing and low performing banks are fairly well satisfied with the quality of the

supervision they get at work and that the factor of supervision does not significantly impact the overall job satisfaction scores. Accordingly, the null hypothesis for this job facet (H2D_o) is accepted and the alternative hypothesis (H2D_a) that a difference in supervision-related satisfaction levels exists between the two groups is not supported.

Since this study also found that employees from both groups of banks were generally satisfied with their jobs in general, the satisfaction findings on the facet of supervision are consistent with the equity theory of motivation postulated by Adams (1965). The theory contends that perceived fairness of management policies and practices is critical to achieving an adequate level of job satisfaction. Evans (1970) and Sergiovanni (2002) also discovered a correlation between the quality of supervision and the level of employee job satisfaction.

People at Work (Co-Workers)

The results of the independent-samples t-test for the job satisfaction facet of people at work indicated that a statistically significant difference did exist between the satisfaction levels for people at work of high performing banks versus low performing banks. Employees of high performing banks had relatively higher satisfaction levels for people at work than employees of low performing banks although the mean scores for both groups scored within the “satisfied” range of the AJDI scale (See Figure 6). Additionally, an eta squared effects test indicated that less than 2% of the variance in people at work satisfaction scores could be attributable to bank performance. Although the null hypothesis for this job facet (H2E_o) is rejected and the alternative hypothesis (H2E_a) that a difference in people at work satisfaction levels exists between the two groups is accepted, the meaning of the statistically significant difference cannot be

conclusively determined by this analysis. Further research will be necessary to determine what other factors contributed to the difference in satisfaction with people at work between high and low performing banks in Pennsylvania.

Herzberg et al. (1959), considered interpersonal relationships with co-workers to be extrinsic in nature and he suggested that they cannot create or improve job satisfaction however negative interaction experiences can cause job dissatisfaction. The results of this study indicate that both groups of employees are generally satisfied with their co-workers.

Respondent Demographic Analysis

An analysis of demographic data collected on the surveys was analyzed to determine if the demographic characteristics impacted the job in general satisfaction scores. Separate two-way between-groups ANOVAs were conducted on the independent variable demographic characteristics of gender, age, job level, and job tenure and the dependent variable, satisfaction scores on the AJIG scale. The results of the demographic analyses are presented below for each demographic variable.

Gender

The two-way between-groups ANOVA conducted to explore the impact of bank performance and gender on overall employee satisfaction levels indicated that there was no significant interaction between gender and bank performance and there was no significant difference between male satisfaction scores and female satisfaction scores. Males ($M = 17.1$) were somewhat more satisfied than females ($M = 16.2$) in low performing banks but not to a significant degree. In high performing banks there was no difference between male ($M = 19.3$) and female ($M = 19.3$) satisfaction scores. It was

concluded from these results that gender does not impact overall job satisfaction in the respondent banks as measured by the AJIG survey instrument. These results conflict with the findings of Chambers (2008) who found that men generally had higher satisfaction levels than women but were consistent with the findings of Baker (2009).

Age

The interaction effect between bank performance group and age did not have a significant impact on job in general satisfaction scores. Age alone though did have an impact on the overall job satisfaction scores. The post hoc analysis revealed that satisfaction scores for employees over 50 years of age were significantly higher than employees in the 21 – 30 years age group. No other age groups varied significantly from each other. The results were similar for both high and low performing banks. The most satisfied Employees were in the over 50 age category and the least satisfied were in the under 21 category. The findings suggest that as employees grow older, they are more likely to be satisfied with their jobs than younger employees. These results agree with the findings of Zeffane, et al. (2008) and Baker (2009) who found that older employees were generally more satisfied than younger employees.

The findings on satisfaction scores based age may have two meanings. The findings may suggest that employees that are older have been with the organization longer and are more aligned with the organizational goals and objectives. This research also found a difference in job satisfaction based on job level and job tenure (See *Job Level* and *Job Tenure* below). The difference in satisfaction levels based on age could be correlated with older employees having higher job levels than younger employees. A previously suggested mentoring program where older employees interact with younger

employees may also have a positive impact on improving the job satisfaction levels of younger employees by sharing information about organizational culture.

Job Level

The two-way between-groups ANOVA conducted to explore the impact of bank performance and job level on overall employee satisfaction levels revealed an interaction effect based on job level although the effect size of the interaction was small. Overall, the results indicate that officers are more satisfied with their jobs than non-officers in both groups of banks with an effect size approaching medium. This finding is consistent with the findings of Chambers (2008) who found that employees in higher management position generally were more satisfied with their jobs than those in staff positions. The difference in satisfaction scores between the officer and non-officer job levels in low performing banks was significantly larger than the difference based on job level in high performing banks. The difference in mean satisfaction scores between officers in high banks versus officers in low banks was not significant but the difference between non-officers in high banks versus low banks was quite large (See figure 7).

The survey results could indicate that senior management may be more engaged and committed to organizational goals and objectives than are employees in lower level positions. This is especially true for the lower performing banks in the sample. The results here once again emphasize the importance of establishing an environment where employees feel engaged and connected. Properly aligned incentive compensation programs, mentoring programs, and career planning programs are possible solutions to reducing the disparity between officer and non-officer levels of satisfaction.

Job Tenure

The two-way between-groups ANOVA conducted to explore the impact of bank performance and job tenure on overall employee satisfaction levels revealed a statistically significant difference in scores based on job tenure but with a small effect size.

Employees in the “10 years or more” category had the highest mean satisfaction scores and employees in the “5 years to less than 10 years” category had the lowest satisfaction scores and the post hoc analysis revealed that the scores of these two groups differed significantly in both groups of banks. The findings of this study for job tenure conflicted with the findings of Chambers (2008) or Baker (2009) who both found that job tenure did not have a significant impact on overall job satisfaction in their studies.

The survey findings related to job tenure are congruent with the previously reported findings for age and job level in this study (See *Age* and *Job Level* above). Employees who have been with the company the longest appear to have higher levels of job satisfaction. This may be related to their age or their position in the firm.

Correlation Analysis

A Pearson product-moment correlation coefficient was computed to assess the relationship between the average profitability of participating banks (as measured by four-year average ROE) and the overall job satisfaction levels of employees (as measured by the AJIG scale). A very strong positive correlation was found to exist between job in general satisfaction levels and profitability as measured by ROE. This finding supports the findings of Abbott (2003), Kidd (2006), and Maister (2001) but refutes the findings of Ren (2001) and Lawler & Porter (1969) who were unable to establish a correlation between job satisfaction and financial performance of the firm. Although correlation

does not prove causation (Creswell, 2002), the strong correlation results coupled with the statistically significant difference in overall job satisfaction scores between high and low performing banks (See Results – Research Question One) cannot be ignored. The implications are that banks should work both sides of the equation if they wish to obtain superior financial results and, at the same time, maintain a work environment that fosters satisfaction among employees. The results of this study indicate that efforts to improve earnings could result in improved satisfaction levels among employees and efforts to improve satisfaction levels could result in improved earnings. Community Banks that will survive in the existing competitive climate will implement initiatives that have a positive impact on both measures.

Limitations

The size of the sample (9 banks) was relatively small when compared to the total number of community banks in Pennsylvania and nationwide. Additionally, the banks that agreed to participate in the survey were not randomly chosen, therefore the results of the study cannot be generalized to a larger population of institutions.

The financial performance of a bank can be influenced by many factors including external economic conditions. The best way to establish causation is to account for competing explanations (Milkovich & Newman, 2005). It was beyond the scope of this study to identify and isolate all impacting factors to determine if factors other than employee job satisfaction are responsible for a particular bank's operating results.

The relationship of employee satisfaction and both firm and individual performance has been extensively studied (Abbott, 2003; Judge, Thoresen, & Bono, 2001; Kidd, 2006; Maister, 2001; Miller, Erikson & Yust, 2008; Moynihan & Pandey,

2007; Ren, 2001; Lawler & Porter, 1969). A debate exists as to which variable might “cause” the other. (Balzer et al., 2000). This study was limited to determining the difference in employee job satisfaction between high and low performing community banks and was not intended to establish causation of either employee satisfaction or financial results.

Implications

The results of this study have both practical and academic implications for bank management and future researchers. This section discusses both the practical implications for community bank management and suggestions for future researchers who might undertake additional study on bank performance and job satisfaction.

Practical Implications

The results for the two primary research questions have implications for bank management concerned with improving both the financial performance of their institutions and the overall levels of job satisfaction among their employees.

The results for research question one concluded that a statistically significant difference existed between overall job satisfaction and financial performance in participating banks although the difference was of small effect. Additionally, a strong correlation was discovered between profitability measures (ROE) and overall job satisfaction scores (AJIG scores). These findings suggest that job satisfaction matters in determining the probability of financial success in a Pennsylvania community bank. Accordingly, if they are concerned with the profitability of their organizations, community bank management should first, be aware of the level of job satisfaction in

their institutions by conducting periodic satisfaction surveys and then, take initiatives based on the results of those surveys to achieve and maintain a high level of overall job satisfaction.

Research question two had five related subparts exploring the differences in satisfaction scores between high performing banks and low performing banks as they relate to specific facets of job satisfaction including work on present job, pay, opportunities for promotion, supervision, and people at work (co-workers). The results for research question two concluded that the scores for opportunities for promotion had the most significant variation between high and low performing banks with low performing banks scoring well into the dissatisfied range of the scale. This facet was also the lowest mean score obtained by the high performing banks of the five tested facets. These results emphasize the importance of identifying and communicating clear and realistic career paths for employees, especially in banks that are on the lower end of financial performance.

Both groups of banks scored relatively low regarding employee satisfaction with pay. Although prior research indicates that pay cannot create job satisfaction, it can lead to job dissatisfaction if perceived by employees to be unfair or inequitable (Herzberg, Mausner, & Snyderman, 1959). This finding suggests that bank management from both groups of banks need to do a better job of designing and implementing compensation packages that are perceived as rewarding by their employees. Properly designed and implemented incentive compensation programs that include all employees can be successful at improving both compensation satisfaction levels and firm performance (Cahlik, 1996; Gary, 2011).

Gaining an insight into the facets of job satisfaction that differ the most between high performing banks and low performing banks may provide community bank management with information necessary to devise and implement successful human resource strategies. The results of this study indicate that satisfaction with *opportunities for promotion* varied the most between the two groups of banks followed by satisfaction with the *work on present job* facet. High performing banks displayed higher satisfaction levels for both of these facets than did low performing banks. Accordingly, low performing banks may be able to improve both employee job satisfaction levels and financial performance by implementing programs that help employees identify rewarding career paths within the organization. The results also indicate that benefits might be derived from performing formal job evaluations to identify and reduce job tasks that have a negative impact on employee satisfaction.

The analysis of the demographic characteristics of the respondents indicated that differences in job satisfaction levels existed regarding age, job position, and job tenure. Older employees, officers, and longer tenured employees were generally more satisfied than younger, less tenured, non-officers in both groups of banks. These characteristics may be inter-related in that older employees have generally been employed at the participating banks for a longer period of time (tenure) and have had time to advance to higher level positions (job level) within the company. Formally identifying specific causes for these demographic satisfaction differences is a topic for future research but bank management may want to consider implementing human resource policies that provide younger, less tenured employees with information needed to see their future in the organization. Similar to the suggestions for improving satisfaction with *opportunities*

for promotion, these initiatives could include formal mentoring programs, career path planning, organizational culture orientation, and job training targeted at reducing work-related stress resulting in dissatisfaction.

Implications for Future Research

Future researchers may want to consider the following suggestions to overcome some of the limitations of this study and add to the body of knowledge relating to employee satisfaction and firm performance in community banks.

This study was conducted using a quantitative, descriptive research approach. Although statistically significant differences and a strong correlation were found between satisfaction scores in high performing and low performing banks, difference and correlation do not prove causation (Creswell, 2003). A mixed study combining qualitative and quantitative approaches might provide meaningful insight into why the scores were different between the two groups. Future studies might consider such a mixed research approach to provide additional insight into the observed differences in employee satisfaction scores between high and low performing banks.

This study was limited to community banks in Pennsylvania with assets under \$2 billion. Future researchers might consider expanding the scope of the study to include banks from different areas of the country or with different types of ownership structures.

This study revealed that non-officers in high performing banks were significantly more satisfied with their jobs than non-officers in low performing banks without exploring possible reasons for the difference in non-officer satisfaction levels. Future researchers might want to focus specifically on this group of employees and exclude officer positions to provide additional insight into why the difference exists.

Conclusion

This study explored the relationship between job satisfaction and financial performance in Pennsylvania community banks. A quantitative research approach was used to study the results of job satisfaction surveys from the employees of five high performing banks and four low performing banks located in Pennsylvania. The survey sample consisted of 686 respondents from the participating banks.

The results indicated that, while differences between overall job satisfaction levels reached statistical significance between high performing and low performing participant banks, the practical effect of the difference was small. Of the five facets of job satisfaction tested, *opportunities for promotion* varied the most between high performing and low performing banks indicating that employees of low performing banks feel that there is less opportunity for advancement than their counterparts in high performing banks. A difference also existed between employees of high and low performing banks relating to the *work on present job* facet of the AJDI survey instrument. High performing bank employees were satisfied but low performing bank employees were neutral. Employees of both groups were generally satisfied with the *supervision* and *people at work* facets. Satisfaction scores for the *pay* facet were relatively low for both groups of banks compared to scores for the other facets and the job in general suggesting that both groups of banks have work to do to improve the satisfaction levels with their compensation programs.

The demographic analysis of respondent data revealed that age, job level, and job tenure impacted the overall job in general satisfaction scores. Gender did not play an important role in determining levels of satisfaction. Older respondents were generally

more satisfied than younger respondents with respondents over 50 years old having the highest satisfaction scores for job in general in both groups of banks. Officers were more satisfied than non-officers in both groups although the scores for non-officers differed significantly between high performing banks and low performing banks. The age and job level results were consistent a previous study conducted by Baker (2009). More tenured employees were more satisfied than newer employees.

A very strong correlation was discovered between participant bank four-year average ROE percentages and their corresponding job satisfaction levels. This result coupled with the statistically significant difference in overall job in general satisfaction scores between high and low performing banks produces strong evidence that bank profitability and levels of employee job satisfaction are related.

It is beyond the scope of this study to provide answers as to what causes the differences in satisfaction levels observed between high performing and low performing Pennsylvania community banks. However, the information provided by this study provides significant insight into the type and degree of differences in employee job satisfaction levels between high and low performing banks. Additionally, the “Implications” section above provides possible interpretations of the data and practical suggestions that bank management might employ to help improve levels of job satisfaction among employees. The study will be useful to community bank management in designing and implementing successful human resource strategies that can impact not only employee satisfaction levels but financial performance as well.

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**JOB SATISFACTION SURVEY
BANK EMPLOYEES**

Demographic Information

1. What is your gender?
(1) Male (2) Female

2. What is your age?
(1) Under 21 (2) 21 to 30 (3) 31 to 40 (4) 41 to 50 (5) over 50

3. How would you best describe your job level?
(1) Staff
(2) Supervisor
(3) Manager
(4) Executive
(5) Not Listed

4. How long have you worked for this bank?
(1) Less than 5 years
(2) 5 years to less than 10 years
(3) 10 years or more

Abridged Job Descriptive Index

Work on Present Job

5. Think of the work you do at present. How well does each of the following words or phrases describe your work? Please choose:

- 1 for "Yes" if it describes your work
- 2 for "No" if it does not describe it
- 3 for "?" if you cannot decide

	Yes	No	?
Fascinating	1	2	3
Satisfying	1	2	3
Good	1	2	3
Exciting	1	2	3
Rewarding	1	2	3
Uninteresting	1	2	3

Pay

6. Think of the pay you get now. How well does each of the following words or phrases describe your present pay? Please choose:

- 1 for "Yes" if it describes your pay
- 2 for "No" if it does not describe it
- 3 for "?" if you cannot decide

	<u>Yes</u>	<u>No</u>	<u>?</u>
Barely live on income	1	2	3
Bad	1	2	3
Well Paid	1	2	3
Underpaid	1	2	3
Comfortable	1	2	3
Enough to live on	1	2	3

Opportunities for Promotion

7. Think of the opportunities for promotion that you have now. How well does each of the following words or phrases describe these? Please choose:

- 1 for "Yes" if it describes your opportunities for promotion
- 2 for "No" if it does not describe them
- 3 for "?" if you cannot decide

	<u>Yes</u>	<u>No</u>	<u>?</u>
Good opportunities for promotion	1	2	3
Opportunities somewhat limited	1	2	3
Dead-end job	1	2	3
Good chance for promotion	1	2	3
Fairly good chance for promotion	1	2	3
Regular promotions	1	2	3

Supervision

8. Think of the kind of supervision that you get on your job. How well does each of the following words or phrases describe this? Please choose:

- 1 for "Yes" if it describes the supervision you get on the job
- 2 for "No" if it does not describe it
- 3 for "?" if you cannot decide

	<u>Yes</u>	<u>No</u>	<u>?</u>
Praises good work	1	2	3
Tactful	1	2	3
Influential	1	2	3
Up to date	1	2	3
Annoying	1	2	3
Knows job well	1	2	3

People on Your Present Job

9. Think of the majority of people with whom you work or meet in connection with your work. How well does each of the following words or phrases describe these people? Please choose:

- 1 for "Yes" if it describes the people with whom you work
- 2 for "No" if it does not describe them
- 3 for "?" if you cannot decide

	<u>Yes</u>	<u>No</u>	<u>?</u>
Boring	1	2	3
Slow	1	2	3
Responsible	1	2	3
Smart	1	2	3
Lazy	1	2	3
Frustrating	1	2	3

Job in General

10. Think of your job in general. All in all, what is it like most of the time? Please choose:

- 1 for "Yes" if it describes your job
- 2 for "No" if it does not describe it
- 3 for "?" if you cannot decide

	<u>Yes</u>	<u>No</u>	<u>?</u>
--	------------	-----------	----------

Good	1	2	3
Undesirable	1	2	3
Better than most	1	2	3
Disagreeable	1	2	3
Makes me content	1	2	3
Excellent	1	2	3
Enjoyable	1	2	3
Poor	1	2	3

The Job Descriptive Index and The Job In General Scale
 ©Bowling Green State University
 1975-2009 1982-2009

Appendix B – Permission Letter from Bowling Green State University



Job Descriptive Index (JDI) Office
214 Psychology Building
Department of Psychology
Bowling Green State University
Bowling Green, OH 43403

October 2, 2013

The Job Descriptive Index (JDI) and family of measures – including the Job In General scale (JIG), abridged Job Descriptive Index (aJDI), abridged Job In General scale (aJIG), Trust in Management scale (TiM), Intent to Quit (ITQ), Stress in General (SiG) scale, Scale of Life Satisfaction (SOLS), and Survey of Work Values, Revised, Form U. (SWV) are owned by Bowling Green State University, copyright 1975-2012.

Permission is hereby granted to **John Brooks** to use these measures in his or her research.

The aforementioned scales may be administered as many times as needed in this course of this research.

Tatiana H. Toumbeva

Tatiana H. Toumbeva
JDI Research Assistant
Tel: 419.372.4400
Fax: 419.372.6013
jdi_ra@bgsu.edu

Appendix C – Informed Consent Form

Your bank has agreed to participate in a research study of the relationship between employee job satisfaction and financial performance of community banks located in Pennsylvania. As an employee, you are invited to participate in a survey related to this research study. The following information is provided to help you make an informed decision whether or not to participate.

This study is being conducted by a doctoral student at Indiana University of Pennsylvania. Your opinions matter a great deal and your input will be extremely valuable to the success of this study.

Background Information:

The purpose of this study is to test the relationship between financial performance and employee job satisfaction in community banks located in Pennsylvania.

Procedures and duration:

If you agree to participate in this study, you are asked to:

- Acknowledge your consent to participate by clicking the “Continue Survey” button below
- Complete the survey (should take only approximately 10 minutes to complete)

If you do not wish to participate in the study, you may simply close your browser now.

Voluntary Nature of the Study:

Your participation in this study is completely voluntary. If you decide to participate in the study now but change your mind later, you may stop participating at any time by exiting your browser. If you decide not to complete the survey, none of your responses will be collected.

Risks and Benefits of Participation:

You incur no risks by participating in the study however some of the information on the survey form may be perceived by some to be personally sensitive. You do not have to answer any question that you do not want to answer and you may stop participating in the survey at any time by exiting your browser.

The primary benefit of participating in this study is that you will be contributing to the body of knowledge regarding the relationship between community bank performance and employee job satisfaction. With this information, community banks may be able to develop strategies to increase job satisfaction and simultaneously improve financial performance.

Compensation:

There is no compensation for participating in the study.

Confidentiality:

Any information you provide will be kept anonymous. Your responses to the survey will only be used for this research project and for no other purposes. The researcher, company, and University will not have access to the name of any participant and no other identifying information will be included in any report resulting from the study.

Contacts and Questions:

This research is being conducted by John L. Brooks. If you have any questions or concerns regarding this survey, you may contact the researcher or the faculty advisor as indicated below:

John L. Brooks
Graduate Student
Professional Studies in Education
Indiana University of Pennsylvania
Stouffer Hall
Indiana, PA 15705
j.l.brooks@iup.edu
814-942-9730

Dr. Joseph F. Marcoline
Professor of Education
Professional Studies in Education
Indiana University of Pennsylvania
121 Davis Hall
Indiana, PA 15705
j.f.marcoline@iup.edu
724-357-2419

This project has been approved by the Indiana University of Pennsylvania Institutional Review Board for the Protection of Human Subjects (IRB). You may also contact the IRB by phone at 724-357-7730 with questions or concerns.

Statement of Consent:

I have read the above information and I feel I understand the study well enough to make a decision about my participation. By selecting "Continue Survey," I am agreeing to the terms described above.

"Continue Survey"

Appendix D – Memo to Bank Employees

From: Bank HR Manager
Sent: [Date Sent]
To: [All Bank Employees](#)
Subject: Employee Survey

[Bank Name] is participating in an independent research study involving community banks located in Pennsylvania. A portion of this study involves collecting job satisfaction feedback directly from our employees via a confidential on-line survey.

The survey is being administered independently from the Bank by a doctoral student at Indiana University of Pennsylvania (“IUP”) using an Internet based survey site. Responses will be kept strictly confidential by the researcher and the Bank. No Bank employees will have access to the responses and no individual responses will be revealed. Additionally, neither the researcher nor the Bank will be able to identify any individual employee. The information obtained from this study will be useful to us in determining which aspects of job satisfaction matter the most to our employees.

Although participation in the survey is voluntary, your opinions and perceptions matter a great deal to the Bank and the results will be most meaningful if we have full participation from all of our employees at all levels. Accordingly, please take a few minutes to complete the survey by clicking the link below. The survey is very short and should only take 5 to 10 minutes to complete. There are several demographic questions and only 6 questions related to your perception of your job and work. When you reach the end of the survey, you will see a message that your responses have been submitted.

Your participation is very much appreciated. If you have any questions or concerns, please contact [Bank HR Manager] at [HR Manager contact information]

Click on link below to take survey.
[Bank survey link]