

Perceived Organizational Support, Pay Satisfaction, and Supervisor Satisfaction Impact on Career Satisfaction

Khawaja Imran Latif¹
Mehvish sher²

Abstract

It is widely believed that employee is very important part of any organization. Employees are the one who run the affairs of the organization. So it's important to give special attention to affairs relating to employees. The purpose of current research is to find out the impact of Perceived organizational support, pay satisfaction and supervisor support on career motivation. Data was collected using Simple random sampling and was subjected to analysis using the statistical software SPSS. Correlation and regression analysis were used to test the research hypothesis. The study found Perceived Organizational Support and Pay Satisfaction to have significant effect on Career Satisfaction however the study failed to find any significant association between Supervisor Satisfaction and Career Satisfaction.

Keywords: Perceived organizational support, pay satisfaction, supervisor satisfaction, career satisfaction

¹Khawaja Imran Latif , MBA (1.5) at University of Lahore.

²Mehvish Sher, Lecturer, Islamia College University, Peshawar.

The topic under discussion for research is “ Perceived organizational support, Pay satisfaction and supervisor satisfaction impact on career satisfaction” The research focused on banking sector employees of Peshawar, Pakistan and have find out how Perceived organizational support, Pay satisfaction and supervisor

satisfaction impact on banking sector employees career satisfaction.

Banking sector is very important for any country. It works as a back bone for an economy. An effective banking system can aid in rapid economic. Banking efficiency and effectiveness where on one hand rests on its products and services, on the other hand employees play a vital role in taking those to the customers thus it is of utmost importance to be knowledgeable about the feelings of the employees, their motivation, satisfaction and level of commitment to workplace is a criterion for organizational survival and ultimate growth.

Employees have this concern of how well the business values their hard work and their wellbeing, Studies have shown that Organizational support and pay satisfaction effect career satisfaction and absenteeism (Eisenberger et al, 1986). The greater the care organization shows towards their employees lower is the absence behavior. It is also seen that better relationship and being satisfied with the supervisor helps in increasing employee career satisfaction and aids in lower job stress (1994). The current seeks to examine the relationship between organizational support, Satisfaction over pay and being satisfied with the supervisor with Career satisfaction and self-report absenteeism.

Literature Review

Perceived Organizational Support

In highly competitive environment employees are more concerned about how their organization values their work and to what extent organization cares about them. Perceived organizational support refers to an employee's thought about the firm that how the firm values his or her contribution and cares about employee well-being (Eisenberger, Huntington, Hutchison, and Sowa, 1986).

The treatment by the employer or the organization has a great impact on the employee perception and it creates an obligation on the employee to treat the organization well in return.

(Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). This is the psychological contract that is needed to increase employee engagement and commitment. The obligation on the employee is then repaid by the work related behaviors that are important for the achievement of organizational goal and strategies. (Eisenberger, Fasolo, and Davis-LaMastro, 1990) The employee general perception that the organization cares and thinks about the wellbeing is positively related to the employee commitment and involvement in the organization (Eisenberger et al., 1990).

Perceived organization support helps to increase the commitment of the employee towards the organization. In order to tell the employee that the organization is ready to reward efforts by the employees, to achieve organizational goals shows the organizational commitment to them and that belief form basis for perceived organizational support and increasing employee commitment, as well as employee belief that his greater efforts will be rewarded, (Allen and Meyer, 1996). The belief that greater effort rewarded will increase employee trust in their organization, creating more belief that the organization will act in impartial manner in the long term, (Eisenberger et al., 1990). Scholars have studied that impact of perceived organizational support on employee commitment for the organization is different in different contexts. The employee with higher perceived organizational support show higher commitment towards the organization, (Cropanzano, Howes, Grandey, and Toth, 1997).

When an organization adds something that is important in the eyes of the employees such as support for employee development, this should affect the mindset of the employee towards the organization and the effect should be positive, (Benson, Finegold, and Mohrman, 2004). Research recommends us that existence of employee development system and support is positively related with organizational commitment by employees, (Birdi, Allan, and Warr, 1997). Research suggested that supportive

and caring treatment by supervisors is positively related with the commitment of the employee.

Supervisor support is the impression of the employee about their superiors that a feeling of employee well-beings, care, and value for employee efforts is prevalent in the superiors, (Eisenberger, Stinglhamber, Vandenberghe, Sucharski, and Rhoades, 2002). The supervisor support is viewed as a personal extension of the organization and gives the image that the actions of organization agents are indicators of the organization's intent (Eisenberger et al., 1986). Strong and weak both supports of the supervisor effects the employee in many ways. Kalliah and Beck (2001) say that strong support of the supervisor can help to reduce the possibilities of the employee to quit the job and helped reduce burnout and turnover rate. (Cited in David, Martha, Neil, 2007) says that supervisor support was the best way to define employee job satisfaction and intention to quit the job. Hatton and Emerson (1998) says that low levels of supervisor support for the employee were related with increased turnover. Yoon and Thye (2002) revealed increase in perceived organization support tends to intensify employees' positive perceptions of supervisor support, leading workforce to believe that organizational support is the energy driving supervisor support. Perceived organizational support is established on organizational support theory which refers the organization propensity to fulfill employee socio emotional wants (Eisenberger et al., 1986). Shore and Shore (1995) found recognition of employee contributions enhances staff perception about the organizational support. Some of the condition and rewards that can show that individuals are valued by their business include Promotion, training, pay, job security, role stressors, autonomy and recognition. Organizational support guarantee employees that the organization is behind them as they handle stressful situations and execute their jobs (Cited in David, Martha, Neil, 2007). As the organization takes care of the employees so it's also creates an obligation on the employee to

care about the welfare of the organization (Eisenberger et al., 1990).

Perceived organizational support influence employee to show reciprocity norm and influence employee's general affective reactions to their job, which includes positive mood and job satisfaction as asserted by Witt (1991) who noted that Job satisfaction changes employee overall attitude towards his or her job. Showing organizational support employee work hard for the achievement of organizational goals and work beyond his assigned responsibilities. Such as helping fellow coworkers, protecting organization from different risks, giving suggestions and gaining more skills and knowledge to benefits the organization (George and Brief, 1992). Organizational support is very effective whenever employees face different stressors. Perceived organizational support decrease both high and low level of exposure of stress faced by the employee (Cited in Eisenberger et al., 2001)

Pay satisfaction

Employee pay satisfaction can evolve from the perception that the pay is in right proportion in comparison to work or input and comparing with other fellow co-workers (Equity theory; Adams 1965 Cited In Salimaki, Hakonen and Heneman, 2008) and what they think they should be earning (Discrepancy theory; Lawler, 1971, 1981 Cited In Salimaki, Hakonen and Heneman, 2008). The two theories equity theory (Adams, 1965) and discrepancy (Lawler, 1971 and 1981), directed research on pay satisfaction. In equity theory the satisfaction of pay depends on the comparison of the person's outcome-input ration with the ratio of other employees. When the similarities are high in ratio the employee will feel more satisfied with his pay. The discrepancy proposes us that pay satisfaction is dependent on the discrepancy between the perception of individual about the amount of pay that should be received and the amount that is being received. A recent

meta-analysis referred that employee internal and external comparison are strongly correlated with pay satisfaction and pay satisfaction has very strong implications on employees behavior such as performance, voluntary turnover and absenteeism, (Williams, McDaniel, and Nguyen, 2006). Poor knowledge about the pay system decreases pay satisfaction. Which in return decreases work engagement (Heneman, Mulvey, and LeBlanc, 2002)?

Fairness is important in all human resource processes and decisions (Cohen-charash and Spector, 2001). Fairness is very important in decisions relating to compensation, such as pay raises, benefits and pay. Indeed perceived fairness in compensation, the manner in which information related with compensation communicated and the procedures used to make decisions related to compensation play a very important role is building reactions to important elements of the compensation system (Nelson, Stone, Frye, and Chown, 2008)

Although pay is very important reward component is every organization (Scott, McMullen, and Sperling, 2005), But there are some firms who spend most of their time in communicating employee about how their pay is allocated and determined (Scott et al., 2005). There are surveys which show us that many employees feel dissatisfaction about lack of understanding about their pay, (Rogers, Lohwater, and Hager, 2003). Pay is often perceived as the confirmation of individual status and value to the organization, so behavioral and emotional impact of misunderstanding pay and compensation can be great (Rogers et al., 2003). There is sufficient evidence that when employee is communicated about management practices so this communication increases employee commitment, performance, perception of pay fairness, job satisfaction, pay satisfaction and develop a positive psychological job contract (Heneman and Judge, 2000).

Employer should ensure that employees are satisfied with remuneration: Pay dissatisfaction influence employee to show

different behaviors, such as theft, union sentiments, turnover, intention to quit, trust, commitment, performance, organizational effectiveness and tardiness (Heneman and Judge, 2000). Pay and satisfaction with pay is very important for an employee and for the organization (I.M. Jawahar and Thomas H. Stone 2010) . Pay satisfaction is a two-dimensional construct that is pay level and raise. Pay level refer to individual current direct compensation such as wages and salaries. Raise refers to the change that comes in pay level. Benefits are the indirect pay in the form of retirement, payment for time not worked, health and other non-financial returns. Pay administration and structure tells us about the hierarchical relationship among different jobs and their pay rates within organization and the procedures by which organization administered the pay system (Heneman and Schwab, 1985).

Supervisor Satisfaction

Employee perception of better supervisor support is created by the degree to which employees perceive that they are being cared for, valued for their contributions (Eisenberger et al., 2002). If the supervisor is of the nature mentioned by Eisenberger et al this would yield a feeling of satisfaction among the subordinates as found by Topper (2007) who in their study found that supervisors positive behavior towards employee results in positive individual and business performance, however it was also noted that lack of support and negative attitude of supervisors results in the employee reacting by feeling frustrated and not appreciated thus begins to limit their involvement with their supervisor resulting in lack of communication and loss of respect for the supervisor.

Hutchison, 1997 research tells us that supportive and caring treatment shown by the supervisor has positive effect on employee commitment. Supervisors act as an agent so they have the responsibility to direct, evaluate and support their employees. Sometimes employee views the supervisor support as a personal extension of the organization (Eisenberger et al, 1986; Levinson,

1965). Organizational support theory refers that as supervisor acts as an agent of organization so an action of the supervisors shows organization's intent (David, Martha, Neil, 2007). Immediate supervisor are the one who are closer to the employee and they have the ability to convey the message to the employee or subordinates directly.

Supervisor satisfaction also helps in gauging the amount of support employee will have for organizational and Behavioral change, they act as representative of wider organizational processes (David, Martha, Neil, 2007). For organization to retain talent and enhancing the capability and competence of its employees, the relationship is very important (Buckingham and Coffman, 2000).

Strong and weak supervisor satisfaction can affect the employees in several ways. Kalliah and Beck (2001) noted that strong support of the supervisor can reduce employee intention to quit the job or burnout. Hatton and Emerson (1998) asserted that low levels support of the supervisor increase employee turnover. Boles and Babin (1996) found that supervisor support and perceived coworker involvement increase job satisfaction and decreases work stress among retail employees. McCalister (2003) studied the overall relationship at workplace that included coworker support and supervisor support, and examined its impact on work stress and job satisfaction; results discovered that relationships at work considerably influence work stress and job satisfaction.

Eisenberger and his fellow colleague's gives prove that there is a causal link between perceived organization support and supervisor support. But Yoon and Thye (2000) refers that causality happens in backward direction and when perceived organization support increases then employee perception of supervisor support also increases.

Social exchange relationship says that employees are more likely to work with the organization in which supervisor value their

well-being, reward their hard work and contributions, communicate well with them and give employees respect and recognition that they deserves (Eisenberger et al., 2002).

Career satisfaction (Subjective career success)

Professionals and those who advanced through the organizational levels were traditionally considered as focal point for career advancement, but career is an experience that should include each and every individual working for the organization (Barnett and Bradley, 2007). Building on this career satisfaction can be defined as such a satisfaction that an individual takes from extrinsic and intrinsic aspects of their career. This includes development opportunities, pay and advancement. Judge also defined career satisfaction as work related or positive psychological achievements that an individual achieves as a result of work experience. It is a person's long term satisfaction with his career. (Judge, Cable, Boudreau, and Bretz, 1995).

Extrinsic are the objective factors of an individual career success that includes promotion, salary and status are more observable and tangible than intrinsic. Intrinsic are the subjective outcomes of career satisfaction are less visible outcomes for example perception of career accomplishment, career mentoring, job or career satisfaction and career commitment and are therefore assessed by person's own judgments of career success (Poon, 2004).

Intrinsic or internal career satisfaction comes from employees own feeling of pride and accomplishment of various objectives and goals that have been achieved in his/her career. Family happiness and inner peace is also part of intrinsic satisfaction and it cannot be judged by the organization but the individual is the only one who can evaluate it (Hassan, 2009). Whereas extrinsic career success or satisfaction is individualistic approach and it includes advancement with the help of position which increases responsibilities, recognition and compensation defined by the organization (Hall and Mirvis, 1995). To measure

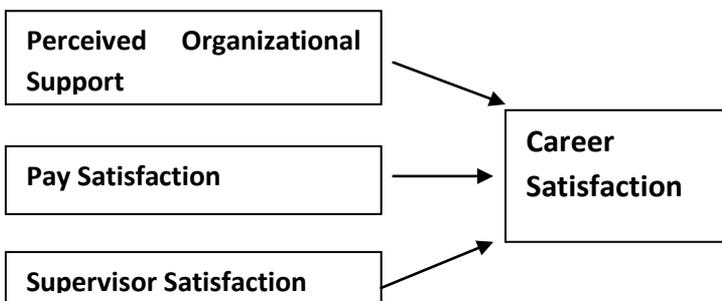
only the objective criteria of career success is not the right way because people also gives value to the subjective outcome which includes challenge and purpose, developing new skills and work life balance. If an employee achieves objective career success its does not mean that employee is satisfied with his career (Barnett and Bradley, 2007).

There are evidences proving strong relationship between career commitment and career success. Jones and Whitmore find the relationship between promotion and career commitment similarly found in their survey of career commitment, that career is positively associated with performance effectiveness and salary level (Hassan, 2009). Poon (2004) proved that career commitment predicts subjective and objective career satisfaction.

The solution to organizational challenges rests in allowing and facilitating the employees to develop their career and ultimately escalate their career satisfaction. This approach recommends that organization should play supportive role rather than directive role.

Theoretical Framework

The following diagram show independent and dependent variables.



Hypothesis

H1: Perceived organizational support has impact on career satisfaction.

H2: Pay satisfaction has impact on career satisfaction

H3: Supervisor satisfaction has impact on career satisfaction.

Research Methodology

Nature of this research is quantitative; the research looks to evaluate impact of independent variables on dependent variable though quantifying the independent and dependent variable. The population of this research is the banking sector employees of two government commercial banks (The bank of Khyber and National bank of Pakistan) of Peshawar. For the sample 115 employees were randomly selected from two banks. The response rate was 82, 71.30% of the total population selected. Population selected among 115, 60 were from National bank and 55 from the bank of Khyber. The sampling technique used is simple random sampling.

Instrumentation

The questionnaire for perceived organization support was developed by Eisenberger et al, (1986), describes the perception of the employee that how their organization willing to reward their greater efforts. The pay satisfaction questionnaire was developed by Heneman and Schwab (1985) to measure amount of last raise, pay level, benefits, pay structure. Supervisor satisfaction questionnaire developed by Scarpello and Vandenberg (1987) was used for the study. Career satisfaction questionnaire was developed by Greenhaus, Parasuraman, and Wormley (1990) and it is used to measure employee satisfaction with career.

Findings

The study assesses impact of perceived organization support, pay satisfaction and supervisor satisfaction on career satisfaction. The employees of the banking sector were taken as population. The following tables give the output which is further discussed. Correlation and regression analysis was run for each of the hypotheses; the results are summarized in following table.

Table 1
Results of Hypothesis

Regression Weights	Standard Beta Coefficient	Adjusted R ²	F	p-value	Hypotheses Supported
POS → CS	-.234	.044	5.252	.024	Yes
PS → CS	.309	.085	9.585	.003	Yes
SS → CS	-.039	-.009	.139	.711	No

Note. *p < 0.05. POS: Perceived Organizational Support, PS: Pay Satisfaction, SS: Supervisor Satisfaction, CS: Career Satisfaction.

The analysis of the results revealed that Perceived Organizational Support significantly predicts the Career Satisfaction for the employee. The results of the test revealed overall model significance at p=0.024 with Adjusted R²=0.044, indicating that 4.4% of variation in Career Satisfaction was caused by Perceived Organizational Support.

The statistical results show that Pay Satisfaction is a significant predictor of the dependent variable Career Satisfaction. The results of the test revealed overall model significance with, p=0.003, Adjusted R²=0.085 indicating that 8.5% of variation in Career Satisfaction was accounted by Pay satisfaction. The Study failed to find any significant impact of Supervisor Satisfaction on Employee Career Satisfaction.

Conclusion

The basic theme of research was to find out the impact of perceived organization support, pay satisfaction and supervisor satisfaction on employee career satisfaction. The research was carried out on two commercial government banks (The bank of Khyber and National bank of Pakistan). Employee always feel motivated and satisfied with their career when they perceive that their organization is supportive and when there is a perception that the organization thinks about wellbeing of employees. The study found significant influence of Perceived Organizational support on employee career satisfaction. Thus the first hypothesis was

supported. Pay satisfaction is very important component for an employee motivation. Employees work hard when there is thinking that the organization is rewarding them according to the work they perform. The second hypothesis looked to evaluate the effect of Pay satisfaction on career satisfaction. The results found a significant effect of Pay satisfaction on employee career satisfaction. Thus the second hypothesis was also supported. Although Supervisor's positive and negative attitude play an important role in employee career satisfaction but the present study failed to find any relationship between supervisor's satisfaction and career satisfaction.

References

- Allen, N., & Meyer, J. (1996). Affective, continuance and normative commitment to the organization: an examination of construct validity. *Journal of Vocational Behavior*, 49(3), 252-76.
- Baek-Kyoo, J., & Park, S. (2009). Career satisfaction, organizational commitment, and turnover intention. *Leadership and organizational Development Journal*, 31(6), 482-500.
- Barnett, B., & Bradley, L. (2007). The impact of organizational support for career development on career satisfaction. *Career Development International*, 12 (7), 617-636.
- Benson, G., Finegold, D. & Mohrman, S. (2004). You paid for the skills, now keep them: tuition reimbursement and voluntary turnover. *Academy of Management Journal*, 47, 315-331.
- Birdi, K., Allan, C. & Warr, P. (1997). Correlates and perceived outcomes of four types of employee development activity. *Journal of Applied Psychology*, 82, 845-57.
- Boles, J., & Babin, B. (1996). On the front lines: stress, conflict, and the customer service provider. *Journal of Business Research*, 37(1), 41-50.

- Buckingham, M., & Coffman, C. (2000). First, break all the rules: What the world's greatest managers do differently. New York: Simon & Schuster.
- Cohen-Charash, Y., & Spector, P. (2001). The role of justice in organizations: a meta-analysis. *Organizational Behavior and Human Decision Processes*, 86, 278-321.
- Cropanzano, R., Howes, J., Grandey, A., & Toth, P. (1997). The relationship of organizational politics and support to work behaviors, attitudes, and stress. *Journal of Organizational Behavior* 18, 159-180.
- David D., Martha C., & Neil S. (2007). Mentoring, supervisor support, and perceived organizational support: what matters most? *Leadership & Organization Development Journal*, 29 (3), 235-247
- David, D., Martha, C., & Neil, S. (2007). Mentoring, supervisor support, and perceived organizational support: what matters most? *Leadership & Organization Development Journal* 29 (3), 235-247.
- Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P., & Rhoades, L. (2001). Reciprocation of perceived organizational support. *Journal of Applied Psychology*, 86(1), 42-51.
- Eisenberger, R., Fasolo, P. & Davis-LaMastro, V. (1990). Perceived organizational support and employee diligence, commitment, and innovation. *Journal of Applied Psychology*, 75(1), 51-9.
- Eisenberger, R., Huntington, R., Hutchison, S. & Sowa, D. (1986). Perceived organizational support. *Journal of Applied Psychology*, 71, 500-507.
- Eisenberger, R., Stinglhamber, F., Vandenberghe, C., Sucharski, I. & Rhoades, L. (2002). Perceived supervisor support: contributions to perceived organizational support and employee retention. *Journal of Applied Psychology*, 87, 565-573.

- George, J., & Brief, A. (1992). Feeling good—doing good: A conceptual analysis of the mood at work—organizational spontaneity relationship. *Psychological Bulletin*, *112*, 310–329.
- Greenberg, J. (1990). Organizational justice: Yesterday, today and tomorrow. *Journal of Management*, *16*, 399–432.
- Greenhaus, J., Parasuraman, A., & Wormley, W. (1990). Effects of race on organizational experiences, job performance evaluation, and career outcome. *Academy of Management Journal*, *33*(1), 64-86.
- Hall, D., & Mirvis, P. (1995). The new career contract: developing the whole person at midlife and beyond, *Journal of Vocational Behavior*, *47*(3), 269-289.
- Hassan, I. (2009). Career commitment and career success: moderating role of self-efficacy. *Career Development International*, *14*(7), 655-670.
- Hatton, C., & Emerson, E. (1998). Brief report: Organisational predictors of actual staff turnover in a service for people with multiple disabilities. *Journal of Applied Research in Intellectual Disabilities*, *11*, 166-71.
- Heneman, H. (1985). Pay satisfaction, In Rowland, M. and Ferris, J. (Eds), *Research in Personnel and Human Resources Management*, JAI Press, Greenwich, CT, 3, 115-140.
- Heneman, H., & Judge, T. (2000). Compensation attitudes: a review and recommendations for future research. In Rynes, S.L. and Gerhart, B. (Eds), *Compensation in Organizations: Progress and Prospects*, Jossey-Bass, San Francisco, CA, 61-103.
- Heneman, H., & Schwab, D. (1985). Pay satisfaction: its multi-dimensional nature and measurement. *International Journal of Psychology*, *20*, 129-41.
- Heneman, R., Mulvey, P., & LeBlanc, P. (2002). Improve base pay ROI by increasing employee knowledge. *World at Work Journal*, *11*, 21-27.

- Jawahar, I., & Thomas, H. (2010). Fairness perceptions and satisfaction with components of pay satisfaction. *Journal of Managerial Psychology*, 26 (4), 297-312
- Jenkins, G., & Lawler, E. (1981). Impact of employee participation in pay plan development. *Organizational Behavior and Human Performance*, 28, 111-28.
- Judge, T. & Colquitt, J. (2004). Organizational justice and stress: the mediating role of work-family conflict. *Journal of Applied Psychology*, 98, 395-404.
- Judge, T., Cable, D., Boudreau, J., & Bretz, R. (1995). An empirical investigation of the predictors of executive career success. *Personnel Psychology*, 48(3), 485-519.
- Kalliah, T., & Beck, A. (2001). Is the path to burnout and turnover paved by the lack of supervisory support: a structural equations test? *New Zealand Journal of Psychology*, 30, 72-78.
- McCalister, K. (2003). Hardiness and support at work as predictors of work stress and job satisfaction. The University of Texas at Austin, Austin, TX.
- Nelson, M., Stone, T., Frye, C., & Chown, D. (2008). Pay me more: what companies need to know about employee satisfaction. *Compensation & Benefits Review*, 40, 35-42.
- Poon, J. (2004). Career commitment and career success: moderating role of emotion perception. *Career Development International*, 9(4), 374-390.
- Rogers, S., Lohwater, K., & Hager, H. (2003), *Communicating total rewards*. Scottsdale: World at Work.
- Salimaäki, A., Hakonen, A., & Robert L. Heneman (2008). Managers generating meaning for pay a test for reflection theory. *Journal of Managerial Psychology* 24 (2), 161-177.
- Scarpello, V. (1988). Pay satisfaction and pay fairness: are they the same? paper presented at Society for Industrial and Organizational Psychology, Dallas, Dallas, TX.

- Scott, D., McMullen, T., & Sperling, R. (2005). The fiscal management of compensation programs, *WorldatWork Journal*, 14(3), 13-25.
- Shore, L., & Shore, T. (1995). Perceived organizational support and organizational justice. In R. S. Cropanzano & K. M. Kacmar (Eds.), *Organizational politics, justice, and support: Managing the social climate of the workplace* (149–164). Westport, CT: Quorum.
- Williams, M., McDaniel, M., & Nguyen, N. (2006). A meta-analysis of the antecedents and consequences of pay level satisfaction. *Journal of Applied Psychology*, 91, 392-413.
- Witt, L. (1991). Exchange ideology as a moderator of job-attitudes–organizational citizenship behaviors relationships. *Journal of Applied Social Psychology*, 21, 1490 -1501.
- Yoon, J., & Thye, S. (2002). A dual process model of organizational commitment. *Work and Occupations*, 29(1), 97-124.