



**Causes and Identification of Employees' Politics and its Impact on  
Performance of Banking Industry in Pakistan**

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### Abstract

This study intends to focus on causes and identification of employees' politics and its impact on performance of Banking Industry in Pakistan. Here researcher emphasizes on language and caste, experience and position, cultural animosity, religious lobbies, gender discrimination and referral employment. As employees' politics plays an essential role for an organization and it exists in almost every organization so its impact on the whole workforce can be identified in this research particularly in the UBL, Askari Bank Limited, ABL and generally in Pakistan banking industry. Authoritative power is a major factor that cannot be rejected in any organization and it is key force of any industry. This research is based on the quantitative research. The primary data has been gathered through survey method. Descriptive statistics is used and seven hypotheses are tested. Sample is gathered through simple random sampling method out of target population of 160. The findings entails that there should be focused on Standardize Human Resource Management (right person should be posted to the job, bracing courses, conducting orientation on emerging banking and problem solving). Further administration should conduct the meetings with employees and resolve their problems and also there should be transparency and merit system observed in all matters.

**Keywords:** Banking industry, Employees' Performance, Organizational Culture, Equal Employment Opportunity Commission.

*JEL Classification:* M12, L23, L22

## Introduction

### Background of the Problem

Employees' politics plays an essential role for an organization and it exists in every organization. Political organization is supposed to be an informal attainment of power, Durbin (2001). In the same way except chance or merit, it could be elucidated by power attainment by different means. Usually it is depicted that power is acquired by using different ways through politics. Hochwarter et al. (2000) suggests that for acquiring advantages like finding great resources, receiving endorsement or receiving crave these all have been employing. Institutional politics compassion is now a day perception. It usually measures POPS (Perception of Organizational Politics Scale) and is used as a splendid political affair measurement.

Based on 3 elements, produced a 31 items likert scale by Kacmar and Ferris (1989). Together with these elements organizational practices and politics, associates behavior of group and apparent behavior of supervisor are enclosed. Subsequently item scale of 40 is developed which is comprised of 5 elements; incorporated promotion, pay, associates, incentives, behavior of politics and self serving. In the end for measuring POP, item scales of 12 are used for their work settlement. Based upon three elements, firstly GPB (General public behavior), secondly GAGA (go along to get ahead) and thirdly PPP (pay and promotion policy), Kacmar and Carlson (1997) have modified the 12 item scale to measure POP. Later it was converted into scale of 15 items based on the same three elements; this scale is used by different researchers. Like Vigoda (2000) and Hochwarter et al. (2000).

Different studies covered that power and politics have two dimensions that are playing a vital role for an organization and its impact on employee's performance. It is a very valuable instrument that measures the job satisfaction and retains employees. Many organizations in Pakistan that hold power and politics in an unenthusiastic way when they

hire / promote those employees who are not eligible for that particular post (Mayes and Allen. 1977).

Further, it is revealed that it is the influence of power, which impacts on other people. Basically power is an ability that the pressure imposed by A to the B behavior so that A plays accordingly with A's requirements. Several studies have been made in the field because of employees performance is extremely significant for organizations, if they aren't motivated so they can't produce the productivity for an organization. However, if there is bad power and politics, it will affect the whole organization and same influence. Studies in the banking sector of Pakistan show most of the employees are de-motivated and cannot evaluate their performance in a proper way. Several factors have been studied about satisfaction but nobody still has studied the factors of politics which influence the performance of banks of Pakistan.

### **An Overview of Banking Industry and Organization under Study**

Banking sector is playing a significant role to provide the financial support to the several industries. The primary responsibility is to control the national assets. The central control of banking system in Pakistan is monitor by the State Bank of Pakistan (SBP). SBP has wide range of private, commercial and Islamic banks that deal in several financial products in the market. In recent practices, banks provide the several facilities to their customers via online banking, mobile banking, debit and credit cards and ATM etc.

### **Justification of Research Study**

Keeping in view the above facts, researcher has come to know that there is a gap in the bank, which is involvement of employees and it decreases the productivity of bank and most of the employees are not satisfied with their jobs so on this way it gives researcher a lot of courage to identify the basic causes that bring a warm courage and suggest to perform employees in better way for the productivity. Most of the employees have been de-motivated

from their jobs and the reason behind it is to encourage those employees who didn't qualify for that particular post.

### **Research Question**

The researcher has made the basic research question to study as what are the causes and factors associated with the power and politics of employees in banking industry.

### **Problem Statement**

“Power and politics have significant impact on performance of employees and result in productivity of banking sector in Pakistan.”

### **Significance of the Study**

The significance of this study is for employees' performance and employees are our prime assets, who can make the organization better and if they are not satisfied with their jobs so they cannot produce the productivity in the workforce. Its impact on the whole workforce can be identified in this research particularly in the Askari Bank Limited, UBL and ABL and generally in Pakistan banking industry.

### **Scope of the Study**

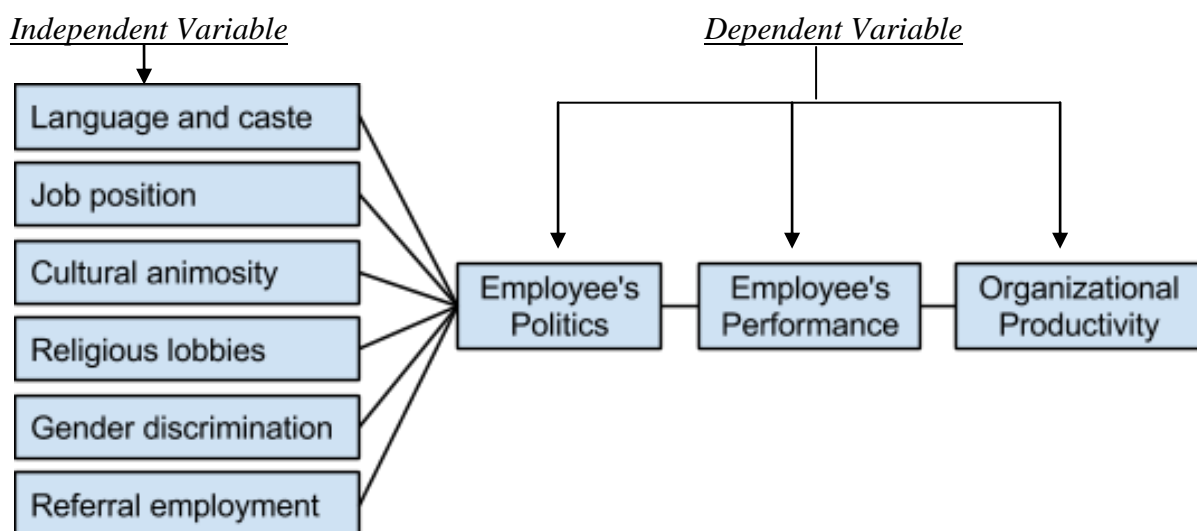
This study will be providing encouragement for upcoming researchers to recognize the factors of Employees' politics and its Impact on Performance of Banking Industry in Pakistan. This study will be helpful to understand the current conditions and situation of “Banking Industry in Pakistan”. Further this study will be supportive to Human Resource Departments of different organizations those are searching for productivity of an organization, job satisfaction and opportunity for promotions of employees and also helpful to planers and stakeholders' before opening organization to plan for such a situation in advance.

### Purpose of the Study

The purpose of this study is to identify the causes/factors of Employees' Politics and its Impact on Performance of Banking Industry in Pakistan, the study has certain objectives as:

- To know the language impact and caste on the productivity of banking industry in Pakistan.
- To know the impact of experience and position on the productivity of banking industry in Pakistan.
- To know the impact of cultural animosity on the productivity of banking industry in Pakistan.
- To know the impact of religious lobbies on the productivity of banking industry in Pakistan.
- To know the impact of gender discrimination on the productivity of banking industry in Pakistan.
- To know the impact of referral employment on the productivity of banking industry in Pakistan.

### Theoretical framework of the Study



## **Hypotheses**

The researcher examined the following hypotheses:

- H<sub>A1</sub>: The language and caste on the productivity of banking industry in Pakistan has a significant impact.
- H<sub>A2</sub>: The experience and position on the productivity of banking industry in Pakistan has a significant impact.
- H<sub>A3</sub>: The cultural animosity on the productivity of banking industry in Pakistan has a significant impact.
- H<sub>A4</sub>: The religious lobbies on the productivity of banking industry in Pakistan have a significant impact.
- H<sub>A5</sub>: The gender discrimination on the productivity of banking industry in Pakistan has a significant impact.
- H<sub>A6</sub>: The referral employment on the productivity of banking industry in Pakistan has a significant impact.
- H<sub>A7</sub>: The Employee's Politics on the productivity of banking industry in Pakistan has a significant impact.

## **Data Collection Method**

This research is basically empirical and exploratory in nature, so the researcher used Employed Survey method through simple random sampling to select banks. The data was then tabulated and analyzed for the defined purposes. Main data collection instrument was closed ended questionnaire which used likert scale. 20 branches of UBL, 15 branches of Askari Bank and 30 branches of Allied bank in Karachi were included in this study, based on the Employees' job position of lower to upper class such as: guards to manager of banks so this study includes all the job levels. The experience of employees was around 3 to 20 years. On the other hand, different data basis such as: journals, magazines, newspapers, Libraries,

thesis, press releases, census reports, seminar, electronic resources NGOs reports and conferences, secondary data have been gathered. All these resources were sorted out and extracted the related information which was necessary to support this study.

### **The Delimitation of the Study**

This study has its own limitations due to consideration of the accuracy of data and due to the time and budget constraints. Further this research study is restricted to banks of urban Karachi so the outcome of the study might not be applied as generalized outcome for overall Pakistan. Additionally there were no equal selection of respondents' category, and due to severe workload employees have filled the data in hurry and were not given enough time for a detailed review of data collection tool as time strain was the problem, so researcher faced difficulty in collection of respondents' views. Therefore outcomes might not be correct.

### **Literature Review**

#### **Power & Politics**

Power is major factor that cannot be rejected in any organization and it is key force of any industry. Pfeffer (1992) state that power and politics exist in each organization although it is simpler to converse about gender or money than about power almost certainly due to disagreement or due to penalty that can be born of the two. Robbins (2003, p.365) defined power is a natural trait amidst individuals and organization. Organizations are collection of individuals who have inconsistent objectives, wishes, principles and belief. These individuals exercise power with, for, or against people. There is a desire for power manage and dominance over these individuals. Wiener (2002, p.19): focused on the opinion of John Adams 2<sup>nd</sup> President of United States that "I believe there is one rule which commands in person nature... while this zeal for dominance". There are three assumptions that they described although power is exist in each of organization, its natural inclination however it promote the validity towards the employees' performance.



### **Language & Cast**

Recent study outlined by Charles (2007) suggests that simply language may allow persons as well as organizations in the direction of converse. Therefore, it is of vital significance to scrutinize communication and language progressions which make happened globalization. Kassis Henderson, 2005; DiStefano & Maznevski, 2000; Iles & Hayers, 1997; Lagerström & Andersson, 2003 and Schweiger et al., 2003) Claims that due to mutuality of persons engaged within the international and multilingual groups and systems, one specific challenge is building relations with associates. This is particularly complicated during the effective groups working in dissimilar geological places, along with investigate taking place groups in globally working groups has demonstrate that language-associated problems might contain a negative encroachment on interpersonal associations, faith, furthermore place of work background.

### **Job Position**

Elangovan, & Xie, (1999) & Spreitzer, (1995) stated that as an essential factor performance of an employee within industry analytics is for maintaining and increasing organizational effectiveness maintenance and competence. Operationally job performance of an employee is outlined as far as completion of responsibilities that are requisite for certain position acquaintance, which organization supposes to get within from he/she. Few supervisors' general tasks are to work assign, and provide their associates, the knowledge or guidance (Eisenberger, Huntington, Hutchison, & Sowa, 1986) found that operationally POS (perceived Organizational Support) is cleared as: business contribution appraises of his/her, the extent to built trust of employee on business.

### **Cultural Animosity**

Kluckhohn and Strodtbeck (1961) Stated that various different assessment importance can be selected to qualify cultures. Other than using capricious suspicions to choose values

significant to domination, Author exploit the key proportions of culture recognized in the theoretical and empirical study on psychology cross-cultural, it identified the different national has different culture that is cross-national examinations further more cross-cultural is every societies where they face the similar basic problems when they come to standardize person activity. Skinner (1981) Argues that the place of support is only culture. Hofstede (1980) State that individuals' reactions leads the intellectual programs through culture.

### **Religious Lobbies**

Religion can influence worldwide trade in various methods. There is connection between religion and cultural society that openly leads the behavior of human. Further it related with commercial activity such as international trade inspires from culture then again there is probable disappointment of the temporary pursuit of happiness as well as it can reduce the persons hopes towards engagement in temporary social enhancing trade.

### **Gender Discrimination**

Becker, (1964, 1976) claimed that one can outlined the industry discrimination as individual belief or detest not in favor of a group specifically. Potentially every individual has such flavors. Behaviors of humans are directed by such flavors for efficiency of the women employment and rewards incentives. Such inconsistent proportion can measure the discrimination depth flavors Fischer (1987). It is elaborated that women employment is considered such discrimination flavors of an employer recognizes an additional charge. In such conditions, employment cost of a woman equalizes the woman reward plus the manager discrimination proportion, while employment cost of a man equalizes the man reward. It therefore underscores that woman is recruited only with low wage than man by the employers.

### **Referral Employment**

Person's recruiters are allowed to "neglect" referrals: It's not uncommon for usual recruiters to neglect or pay slight concentration to applicants who come from employer referrals. It is usually an ego object because they do not firstly "discover" the applicant. Besides, there requests to be measures and incentives that inspire recruiters to spotlight on employer referrals.

Jones, Chapman, Carroll Uggerslev & Piasentin (2005) defines that human resources is one of the most precious assets of an organization and recruitment assists the significant role of attracting the essential ability. Zottoli And Wanous (2000); Lievens And Van Hoyer (2009); Mellewig And Holtom ,Weller, Matiaske, (2009) states that positive referral employment has been discovered to be one of the most successful recruitment causes, granting their positive encroachment on pre-hire recruitment results for example organizational attractiveness and application judgments as well as on post-hire attitude and job performance.

### **Research Methodology**

In this study researcher utilized both primary and secondary sources and employed, quantitative research approach to determine the study purpose to examine the data reliability as well as validity of the data. The researcher was targeted the 160 responded from different the job designation were ranges from "Managers to clerk" which shows that the sample incorporated all the employees involved in power and politics that readily impact the performance of employees. Likert scale was used which contains various communicative expression of opinion on the particular subject. The researcher was worked out the questionnaire of twenty-four closed ended questions put an end.

## Findings and Results

### Regression with correlate with Goodness-of-Fit Model

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.593 <sup>a</sup>	.352	.322	.65629	.352	11.807	7	152	.000	1.534

a. Predictors: (Constant), Referral employment, Gender discrimination, Cultural animosity, Job position, Religious lobbies, Language and caste, Power and Politics

b. Dependent Variable: Employees' Performance

The Model Summary defines the R value which is .59 it recognized as a simple correlation whereas, R Square identifying the overall measure of the strength of relationship while Adjusted R Square is the adjustment of R Square.

R Square: 0.352 clarifies the response data variability of the model around its mean.

Generally the model fits better below 1 the R Squared higher. R Squared is the variance of overall variables it explains the model fit while when we convert into percentage the value comes 35.2%.

Std Error of Estimate: The dispersal of the dependent variables is approximately measured by the Std. error, which calculates its mean approximately (in this case, the “the Estimate Std. Error” is .65629). Here contrast this to the dependent variables predicted values of the mean.

Durbin Watson: In residual correlation following figure shows the evaluation for autocorrelation from an analysis of statistical regression. Persistently the statistics of Durbin-Watson is between 0 and 4 and if there is no autocorrelation persist in a sample it value around 2 mean.

Table 2: ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	35.597	7	5.085	11.807	.000 <sup>a</sup>
Residual	65.469	152	.431		
Total	101.066	159			

Predictors: (Constant), Referral employment, Gender discrimination, Cultural animosity, Job position, Religious lobbies, Language and caste, Power and Politics

b. Dependent Variable: Employees' Performance

Sum of Squares: The regression sum of squares notifies that how much variability (not variance yet) is accumulated for with the regression model, which is the fitting of the least - squares line. The residual sum of squares enlightens us how much variability (again, not variance yet) is unaccounted for with the regression model. The total variability is sum of squares is (101.066). The degree to which the regression sum of squares is huge relative to the residual sum of squares is the level to which more variability than not is explained for with our model.

F - Ratio for Regression Model: The F test for the regression model is calculated from Mean Regression and Mean Residual For example our figures, it is equal to  $5.085/.431 = 11.807$ . In null hypotheses testing R or R square must be equal to zero. The test of significance disclose that the probability of attaining an F stat as the one we have gained or greater than an F sharing on 7 and 152 degrees of freedom is very low value, less than .001. Therefore, null hypothesis has been rejected by the researcher if R Square in the population is equivalent to zero, and conclude that as it was not equal to zero in the statistical alternative hypothesis. Sig=.000(a) it means our model has goodness of fit.

*Table 3: Coefficient*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.921	.419		4.587	.000
Power and Politics	-.050	.073	-.056	-.682	.496
Language and caste	-.001	.065	-.001	-.011	.991
Job position	.158	.084	.141	1.882	.062
Gender discrimination	-.108	.070	-.127	-1.540	.126
Religious lobbies	-.133	.062	-.163	-2.129	.035
Cultural animosity	.352	.076	.351	4.628	.000
Referral employment	.306	.072	.317	4.259	.000

We interpret the dependent variables it is Employees Performance (1.921) whereas it calculated such as  $Y = A + B(X)$ .

Unstandardized Coefficients: Researcher has analysis the independent variable whereas Religious Lobbies has the negative figure of (-.133). Negative beta coefficient change in Y is happened by the positive standard deviation of 1 unit change in X, exclaimed as negative beta coefficient.

Standardized Coefficients (BETA): It works to show us the level of strength of the independent variable on that of the dependent, thus the higher Standardized Coefficients (BETA) of independent variable has the higher affect over dependent variable such as “Cultural Animosity (.351)” it shows the highest impact.

Significance: Dependent variable: Employee performance has impact on independent variables including Religious Lobbies, Cultural Animosity and Referral employment because there is significant impact while remaining independent variables has no impact on Employee performance due to insignificant impact.

### **Conclusion**

This research used quantitative statistics which provided the relationship between overall variables. The researcher has used both techniques manual and as well as online survey form from all over the Pakistan while mostly population has taken from Karachi city and there are several banks included Bank Al-Habib, Meezan Bank, United Bank, Askari Bank, Summit Bank, Allied Bank of Pakistan and Muslim Commercial Bank and finally this study was entailed that, banking industry is playing a vital role, whereas the trend of banking industry is increasing day by day while most of the employees are dissatisfy from their jobs due to undue influence, coercive pressure and there are many reasons this is the major reason that most of the employees leave their organization or they diverted. It is vital for an organization that should follow “Equal Opportunity Employment Commission”, whereas they provide the rights of employees and it is benefit for an organization because productivity is possible when their employees are satisfied.

### **Recommendations**

In this study, researcher recommends that the organizations should follow some basic points included:

- Legislate or impose the law such as (Equal Opportunity Employment Commission)
- There should be transparency and merit system in all matters.
- Standardize of Human Resource Management (best person should be posted to best job, bracing courses, conducting orientation on emerging banking and problem solving.
- Employees administration, because Employees are dominant than any entity (promotion policies, award & reward, Reorganizations and norms)
- Research and Development facilities because later on we can predict any uncertain situation
- General working conditions must to be improved.
- Administration should conduct the meetings with employees and resolve their problems.

In addition researcher further advised that the company should build a pillar with the concrete of their mission, ethics, norms and values through which their employees will take their organization towards their vision; the way the employees work will show their satisfaction.

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