THE IMPACT OF MENTORING ON BANKS' EMPLOYEES' JOB SATISFACTION, JOB PERFORMANCE AND JOB RETENTION

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THE IMPACT OF MENTORING ON BANKS’ EMPLOYEES’ JOB SATISFACTION, JOB PERFORMANCE AND JOB RETENTION

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A dissertation submitted in partial fulfillment of the requirements for the degree of Corporate Master in Business Administration

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I certified that I have supervised and read this study and that in my opinion it confirms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a research paper for the degree of Corporate Master in Business Administration.

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DECLARATION AND COPYRIGHT

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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references and a bibliography is appended.

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ABSTRACT (ENGLISH)

Purpose - The main purpose of this study was to study the impact of mentoring on banks’ employees’ job satisfaction, job performance and job retention in central region of Sarawak, namely in Sarikei and Sibu Division.

Methodology - Questionnaires consisted of three parts were distributed personally to the banking staff at Sarikei and Sibu Division. The first part of the questionnaire is analyzing the demographic of respondents. The next two parts are attached with 18 each questions respectively reflected each individual dimensions of mentoring and its dependents. The data was analyzed by the SPSS Version 17.0 computer software.

Findings - In this study, psychosocial support in mentoring was found significant in employees’ job satisfaction, job performance and job retention with $\beta = .66$ with $p<0.01$, $\beta = .63$ with $p<0.01$ and $\beta = .71$ with $p<0.01$ respectively. However, career support in mentoring was not significantly related to job performance, job satisfaction and job retention.

Research limitations/practical implications - The results of this study suggest that management might be able to increase the level of job satisfaction, job performance and job retention by practicing mentoring programme.

In this study, employees’ participation was voluntary and was conducted only to the bank employees at Sibu and Sarikei Division, Sarawak. These factors limit the possibility of generalizing from the study findings. This study may serve as a foundation for future studies, in different zones, on a larger scales. The results of such studies can be very helpful for developing a new model of job satisfaction, job retention and employee
performance that can be implemented easily and successfully in a cross cultural context in the banking services in Sarawak and as a whole in Malaysia.

Keywords – Mentoring, job satisfaction, job performance, job retention, banking.
ABSTRAK (BAHASA MALAYSIA)

Tujuan – Tujuan utama kajian ini adalah untuk menentukan perhubungan di antara program mentor-mentee dengan kepuasan, prestasi dan kekelan kerja di kalangan pekerja bank di Bahagian Sibu dan Sarakei, Sarawak.

Kaedah - Borang Soal Selidik yang mengandungi 3 bahagian utama telah diedarkan kepada staf-staf bank di Bahagian Sibu dan Sarakei. Bahagian pertama mengandungi maklumat demografik, manakala bahagian kedua dan ketiga mengandungi 18 demensi soalan masing-masing berkaitan program mentor-mentee dan kesannya terhadap kepuasan, prestasi dan kekekalan kerja.

Keputusan - Kajian ini mendapati bahawa sokongan psikososial adalah sinifikan dengan kepuasan kerja, prestasi kerja dan kekekalan kerja dengan $\beta = .66$ dengan $p<0.01$, $\beta = .63$ dengan $p<0.01$ dan $\beta = .71$ dengan $p< 0.01$ masing-masing. Manakala, sokongan kerjaya adalah didapati tidak sinifikan dengan kepuasan kerja, prestasi kerja dan kekekalan kerja dalam kajian ini.


Kata Kunci – Program mentor, kepuasan kerja, prestasi kerja, kekekalan kerja, perbadanan bank.
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CHAPTER I- INTRODUCTION

This introductory chapter provides a comprehensive background to the study of focusing on the research topic. Specifically, this research is aim to examine the impact of mentoring on banks’ employees’ job satisfaction, job performance and job retention. In depth, this chapter presents an overview of the scenario with statement of problem, followed by research objectives, research questions, hypotheses of the study, significance of the study, and finally organizational of chapters.

1.1 The Background

The banking industry in Malaysia has transformed speedily from transactional and customer service-oriented to increasingly aggressive environment in which competition for returns is main concern. Due to this transformation, the employment culture in banking industry is changed and affected the employees’ job satisfaction, performance and retention in the organizations. Banking industry is an important industry for any countries and it executes a number of roles in the economy. Bank Negara Malaysia is the central bank of Malaysia, which is responsible for managing the monetary policy in Malaysia. The Bank is accountable for making sure the stability of financial system and promoting advance financial sector. Besides, it develops the financial system infrastructure and fosters the financial inclusion in Malaysia. The bank plays a significant banker and adviser role to the government as well (Bank Negara Malaysia, 2010).
Mentoring has become increasingly important for organisations and is used in conjunction with human resource management strategies. Mentoring has been associated with developing good management-employee relations and thus improves overall job performance (Sadri & Tran, 2001). Human resource practitioners are increasingly turning to mentoring programs to serve a variety of purposes within an organisation from career development and psychological support to counteracting disadvantage across a number of groups including women and those with disabilities (Stead, 1997).

Business leaders often assert that skilled and committed employees are the only sustainable source of competitive advantage. Furthermore, valuable and skilled employees are regarded as essential to an organisation's performance and success, and therefore retention of these employees is extremely important to employers (Mayfield & Mayfield, 2008).

The new comers to the banking industry faced the problem of how to get started with their new job challenges because what they have studies may be different from the practical aspect, One mechanism that has been proposed to help ameliorate the intensity of such a transition is the use of formal mentoring relationships (Burney, Celeste, Davis Johnson, Klein, Nordal, & Portnoy, 2009; Brown, Daly, & Leong, 2009; Campbell, 2007; D'Abate & Eddy, 2008; Garone, 2009).

Mentoring is a critical career resource for employees by providing career guidance and psychosocial support (Baugh and Scandura, 1999; Hunt and Michael, 1983;Noe, 1988; Ragins and Cotton, 1999). The mentoring elements consist of career support mentoring and psychosocial support mentoring, Psychosocial functions refer to those functions that address more psychological and/or socially related issues that an individual might face, such as
friendship, confirmation, role modeling, acceptance, and counseling, whereas *career development/support* functions tend to focus on more task/work/career related issues, such as coaching, sponsorship, protection, providing challenging assignments, and increasing exposure and visibility.

Mentoring, as defined by Friday et al. (2004), is "the guidance process that takes place between a mentor and a protégé". To expand, the guidance is the "career and psychosocial development support" given by a senior individual to a more junior individual in the same organization. There is substantial empirical evidence to suggest that mentoring, through initiation and socialization, has a number of positive effects on protégé’ work performance (Allen et al., 2004). A recent meta-analysis found that mentoring is positively associated with compensation, number of promotions, career satisfaction, expectations for advancement, career commitment, job satisfaction, and intention to stay (Allen et al., 2004).

The elements of job satisfaction consists of pay, promotion, supervision, benefits, rewards, operating procedure, co-workers, work itself and communication. On the other hand, the work performance elements consist of productivity, employee satisfaction, client satisfaction and service quality. Whereas, the job retention elements consists of compensation, benefits, acceptance, respect, recognition, fulfillment, and self-development.

Mentoring programs help employees do the right thing by exposing them to senior employees that know how to do the right thing. This helps the employee perform more effectively and gives the employee more satisfaction as the Study Van Emmerik(2004) showed that mentoring was positively associated with intrinsic career success (i.e., career satisfaction and intrinsic job satisfaction).
The functions of a mentor are considered career (instrumental) and psychosocial (Burke 1984; Kram 1985). Career functions include sponsorship, exposure and visibility, coaching, protection, and providing challenging assignments. Psychosocial functions include role modelling, acceptance and confirmation, counselling, and friendship. According to Thomas (1993), mentors provide both career and psychosocial guidance, whereas sponsors provide only career guidance.

Mentoring has proven to be a useful tool in retention of employees, (Holloway, 2001). It has also shown to strengthen and is also a form of recognition and reward to the mentee. It helps both the mentor and the mentee recognize their abilities and limitations and highlights areas for future development. It can increase motivation in both the mentor and the mentee. Performance has been significantly improved by all these outcomes. In business, female executives found that a mentor had been significant in giving them confidence and self image to seek advancement, making them visible to top management and helping them to learn organizational politics. (Clutterbuck, & Megginson, 1999).

A recent meta-analysis found that mentoring is positively associated with compensation, career commitment, job satisfaction and intention to stay (Allen et al. 2004). The link between mentoring and turnover intentions was studied (Lankau and Sandura, 2002; Payne and Huffman, 2005). These researchers suggest that mentoring is inversely related to job search behaviours.

Thus, in order to have the employees that are good in their performance, job satisfaction and maximum job retention, the mentoring programme was identified and examined in this study.
Upon completion of this study, the relationship between mentoring, employees' job satisfaction, job performance and job retention will be identified and understand. The results enable every industry, especially banking industry to know of which variables can be influenced effectively for the employees' performance, job satisfaction as well as job retention.

1.2 Problem Statement

In recent years, there has been an increasing trend for organizations to implement mentoring programme to improve employee morale and productivity by reducing absenteeism and turnover. However very little effort was implemented by the banking sector to improve job retention and improving the job satisfaction and job performance via mentoring programme.

Graduates represent the future of an organizations, including the banking industry. Yet they also represent serious risk, as graduates tend to be the most likely employees to leave the company within a few years of starting at an organization. This lack of loyalty is due to a variety of different factors, but the main idea is that young employees, as a valuable as they may be also represent some considerable losses every time one of them leaves for another company.
1.3 Objective of the study

The objective of this study is to look at the impact of mentoring on employees' job satisfaction, job performance and job retention of banking employees. The specific objective is to examine whether the career support mentoring is more significant than the psychosocial support mentoring in the banking industry in term of job satisfaction, job performance and job retention in this study.

1.4 Research questions

1.4.1 Is there any significant relationship between career support mentoring and job satisfaction in the banking industry?
1.4.2 Is there any significant relationship between career support mentoring and job performance in the banking industry?
1.4.3 Is there any significant relationship between career support mentoring and job retention in the banking industry?
1.4.4 Is there any significant relationship between psychosocial support mentoring and job satisfaction in the banking industry?
1.4.5 Is there any significant relationship between psychosocial support mentoring and job performance in the banking industry?
1.4.6 Is there any significant relationship between psychosocial support mentoring and job retention in the banking industry?

1.5 Significance of study

Results of this study will be useful for organization to better decide the policy to use, consequently helping organization increase the productivity, job satisfaction, effectiveness and retain the talents of banking staffs in Malaysia.
Various factors contribute to the lack of job satisfaction, poor job performance and job retention, the inability to retain quality employees costs employers money in terms of time, lost productivity and the effort to recruit and train a new employee. However, company management can take a proactive approach to make the organization a better place to work. Effective retention practices don't just apply to existing employees. They typically begin even before a new employee walks in the door for his/her first day of work, therefore I strongly believe that proper mentoring programme play a vital role in job satisfaction and job performance beside job retention especially for the young job seekers at banking field.

1.6 Scope of study

This study provides a review of mentoring towards employee's job satisfaction performance and job retention in banking industry. The objectives of this research are examined how the independent variables are affecting the dependent variable in banking industry. This report attempts to present a snapshot of mentoring and the impact of mentoring on banks' employees' toward the job satisfaction, job performance and job retention in the banking industry. The scope of this research is broad and attempts to address all issues involved in the human resource management. Therefore, this research is just focusing on the impact of mentoring(career and psychosocial support) towards employee's performance, job satisfaction and job retention in banking industries. The locations for this survey were conducted in 2 places which is Sarikei and Sibu Division, Sarawak.
1.7 Organizational of chapters

As overall, there are totally five chapters in this dissertation. Those chapters are organized as below:

Chapter 1 is the introduction part of the research which provides an inclusive overview of the background of the study, followed by the problem statement, research objectives, research questions, hypothesis of the study, significance of the study, and finally is the chapter layout.

Chapter 2 contains of the review of the literature, review of relevant theoretical models, proposed theoretical or conceptual framework, and hypotheses development.

Chapter 3 covers the research methodology. This chapter includes research design, data collection methods, sampling design, research instrument, constructs measurement (scale and operational definitions), data processing, and data analysis used in this study.

Chapter 4 is illustrating the data analysis and the results from the descriptive analysis. It includes the scale measurement, inferential analysis such as multiple regression, ANOVA, and Pearson correlation are used to examine the relationship of the variables.

Lastly, chapter 5 is presenting the summary of statistical analyses, discussions of major findings, implications of the study, and limitations of the study. Recommendations and proposal for future research are provided as the ending of this research.

1.8 Conclusion

As an overall of this chapter, the study contributes a preliminary understanding of how a research is established to meet the research objectives and to figure out the problem from the research background. Chapter 1 comprise the developed of research objectives as well as research questions for this study. Hence, it can serve as a guideline to develop literature
review with the relevant theories. In next chapter, literature review provides a better insight in development of hypotheses for the study.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Past literature described mentoring as a long term process that is developmental: career focused, and covers all the life structure (Burdett, 1998; Ellinger et al., 2008). Researchers in the past (e.g., De Janasz and Sullivan, 2002; Van Emmerik, 2003) stated that the definition of mentor has been used interchangeably with some other terms like coach, sponsor and colleagues even though these roles may involve different types of relationships. Kram (1985) summarized mentoring functions into two broad categories known as career functions and psychosocial functions.

Career functions are those aspects of a relationship that enhanced learning, the ropes and preparing for advancement in an organization, psychosocial functions are those aspects of a relationship that enhance a sense of competence, clarity of identity and effectiveness in a professional role. While career functions serve primarily to aid advancement up the hierarchy of an organization; psychosocial functions affect each individual on a personal level by building self worth inside and outside the organization (Kram, 1985). Past cross sectional studies have posited that career support was more related to career advancement or success that psychosocial support (Ensher et al., 2001).

Mentors use their organizational influence to provide opportunity for the mentees to gain exposure and visibility in the organization, at the same time, coach and protect their mentees. Some of the psychosocial functions commonly discussed in the past researches are role modeling, counseling, friendship and acceptance, and confirmation (Kram, 1985); Ragins (1999) noted that a given mentor may engage in some or all of these roles and these
roles may not only vary from relationships to relationship, but may also vary over time in a given relationship.

Recently, many firms try to become an employer of choice, which refers to an organization that outperforms their competition in attracting, developing, and retaining people with business-required talent (Joo and McLean, 2006). Lambert et al., (2001) found that managers and researchers in diverse fields have been interested in employees' turnover intention. Turnover intention has been emphasized as an important factor for the financial performance of organizations (Lambert et al., 2001) and has been influenced by diverse variables in organizations. For example, Mobley et al., (1979) proposed four core antecedents of employee turnover including demographic characteristics influencing a person's decision, job satisfaction, work environment factors, and turnover intention.

Mentoring has been described as an interpersonal exchange between an experienced employee (mentor) and a less experienced peer (protégé) (Russel and Adams, 1997). There is substantial empirical evidence to suggest that mentoring, through initiation and socialization, has a number of positive effects on protégé work performance (Allen et al., 2004). A recent meta-analysis found that mentoring is positively associated with compensation, number of promotions, career satisfaction, expectations for advancement, career commitment, job satisfaction, and intention to stay (Allen et al. 2004).

More recent research suggest that a more comprehensive assessment of the mentorship experience should include the protégé’s perception of the quality and satisfaction with the mentor (Allen et al., 2006; Ragins et al., 2000). These authors made this assertion based on the work of Kram (1985) who forwarded that likings, attractions and identification are the key impersonal processes that lead to the socialization necessary to make mentoring