Comparison of Job Satisfaction of Employees in Public and Private Sector Organizations: Evidence from Two Libyan Companies

Abu Baker Almintisir, Abu Baker Akeel and Indra Devi Subramaniam
Graduate School of Management Multimedia University, Cyberjaya, Malaysia.

Abstract: This paper compares job satisfaction of employees of private and public sector companies in Libya. Two companies were selected for the study. The Libyan Iron and Steel Company (Lisco) was selected to represent the public and government owned company. The National Real Estate Investment & Construction Company (NRIC) was selected to represent the private sector company. These two companies were the study setting for this study. One hundred and sixty employees from each of these two companies represented the study sample. The research design was a cross-sectional field study. A structured questionnaire was used to collect the data. The questionnaire solicited the perception of the respondents from the two companies on three elements of job satisfaction, manager selection, comments sharing and feedback system and incentives and reward system and their responses were compared. The study found that the employees of the private sector company were significantly more satisfied with manager selection, comments and feedback sharing and incentives. Only a very small percentage of respondents in the government company (10.6%) agreed that manager selection was based on qualification and experience. This is very low compared to the private company where 68.75% of the respondents agreed with the statement. There is practically no opportunity for comments sharing and feedback system in the government company as none of the respondents agreed that this opportunity was available in their company whereas 68.74% from the private agreed that comments sharing and feedback system was present in their company. With regards with incentives and reward system, only 15.62% of the respondents in the government company said there was good incentives and reward system in their company as opposed to 84.37% in the private company. Since job satisfaction has been found to correlate positively with job performance, organizational citizenship behavior and negatively with absenteeism, turnover and work deviance, government companies should work on improving manager selection, comments sharing and feedback system and incentive and reward system. This will increase job satisfaction of the employees in the public and government sector and contribute toward more positive organizational behavior among its employees.

Key words: Public organizations, Private organizations, Job Satisfaction, comments sharing and feedback system, incentives and reward system, Libya.

INTRODUCTION

With the increasing competition in the global market, organizations have recognized the importance of work related attitudes. These are positive or negative evaluations employees have about their work environment. Much of the behavioral research conducted has been dedicated to the study of the many relationships purported to exist between individual attitudes and a variety of job behaviors. From the review of the many hypothesized relationships one can conclude that the dimensions of job satisfaction and job performance constitute the major focus of much of this behavioral research effort. A review of three hundred studies have shown that there is a strong correlation between job satisfaction and job performance (Judge, Thoresen, Bono and Patton (2001). Research results also support the satisfaction-performance relationship at the organizational level (Ostroff, 1992; Ryan, Schmit and Johnson, 1996; Harter, Schimdt and Hayes, 2002). The satisfaction-productivity data for organizations as a whole reveal that satisfied employees tend to be more effective that those who are not.

Job satisfaction has also been found to be a determinant of organizational citizenship behavior (OCB). Evidence suggests that people who are more satisfied with their jobs are more likely to engage in OCB (Hoffman, Blair, Meriac and Woehr (2007). Job satisfaction has also been found to be related to positive customer outcomes. Satisfied employees have been found to increase customer satisfaction and loyalty (Koys, 2001). Studies have also found a negative relationship between job satisfaction and absenteeism (Hausknecht, Hiller and Vance, 2008), turnover (Hom and Griffeth, 1995) and workplace deviance (Spector, Fox, Penney, Bruursema, Goh and Kessler, 2006).
Job Satisfaction Definition and Factors:

Job satisfaction has many definitions and many studies have been conducted to measure job satisfaction in different types of organizations. Oshagbemi (1999) defined job satisfaction as a person’s positive emotional reaction to his or her job. Job satisfaction describes positive feeling about a job, resulting from evaluation of its characteristics. A person with high level of job satisfaction has positive feelings about his or her job. It is getting more and more common for public and government organizations to ask their employees to assess their working situation by conducting employee surveys. In general, the purpose is to use the survey results as a starting point for development and change.

Job satisfaction is the most studied variable in the literature due to its importance in organizational behavior. Different theories about job satisfaction can be found in literature like Affect Theory, Dispositional Theory, Two factor theory also called (Motivator-Hygiene Theory) and Job Characteristics Model. According to Nelson (2006) an employee’s job satisfaction is priceless. The frustrated or discouraged employees negatively influence the willingness to do the job. Unsatisfied employees are less committed to the organization which affects their performance and eventually the performance of their organization.

When workers in public organizations in general and in public projects or establishments in particular are satisfied, then their performance will definitely be improved. The satisfactory emotions come as a consequence of the individual’s comparison of what was desired or anticipated, with the actual outcome. Hertzberg utilized two factor theory which is the most well known theory of job satisfaction (Herzberg, Mausner and Snyderman, 1959). Hertzberg argued that employees have two types of needs: hygiene and motivator. These two needs have been widely used by researchers to measure job satisfaction. The hygiene factors represent the basic needs related to the context of work, like salary, job security, benefits, supervision and working conditions. If these are fulfilled, it is possible to reach a high level of job satisfaction. It cannot be achieved though, until the motivators are fulfilled, that is factors concerned with the nature and consequences of work, like responsibility, authority, advancements and achievements. According to Herzberg’s theory, the fulfillment of hygiene factors result in a neutral state, while job dissatisfaction is reached if they are not fulfilled. If, however, both hygiene factors and motivators are fulfilled, job satisfaction is reached. If the motivators are not fulfilled, the neutral state associated with hygiene factors will be the result. This also means that if the motivators are fulfilled but the hygiene factors are not, the employee will still feel dissatisfaction towards the job.

Oshagbemi (1999) and Skalli et al (2008) established that job satisfaction is a result of the combination of satisfaction of several different facets of work. Much work has been done in order to find the determinants of job satisfaction, and the well of information is extensive. Sang, Dainty and Ison (2007) found that aspects of job satisfaction that often have been researched upon are pay, colleagues, supervisors, working conditions, job security, promotion prospects, the company in question and the nature of work. They state that these facets have all proven to be correlating to overall job satisfaction and positively inter-correlated with each other.

Åteg et al (2004) mentioned some additional determinants to job satisfaction, that is status and success, the feeling of being important, acknowledgement from management and co-employees as well as the possibility to see the results of one’s work. According to Appelbaum and Kamal (2000), autonomy and group cohesion are positively related to job satisfaction, and contribute to create a positive psychological climate within an organization.

Chen, Silverthrone and Hung (2006) conducted a study to measure the relationship between job satisfaction and job performance. They found there is a positive relationship between job satisfaction and job performance. This finding suggested that if job satisfaction improved then the job performance will be improved too. Kumari and Pandey (2011) have found that the relationship between job satisfaction and job performance is very solid. Whereas higher job satisfaction was related to a higher supervisor rating of the individual’s job performance when the individual experienced little contradiction regarding the job, job satisfaction and job performance were unrelated for individuals who experienced a high level of contradiction regarding their job.

The Research Problem:

In Libya, there is a wide gap in job performance between the private and public sector, and this gap is increasing in recent years due to many reasons. One of these reasons is the low job satisfaction that is reflected negatively in the performance of employees especially in public and government organizations.

The Government of Libya in the last decade has attempted to improve the independency and efficiency of employees in most ministries as well as companies belonging to the government. These efforts have failed to achieve the desired objectives because the managers in government organizations are not qualified for the job and do not have the leadership skills to support their employees in order to achieve job satisfaction and get higher performance from them. Improving the qualifications of employees and their managers is one of the main problems facing any new leadership aiming to develop the government organizations in Libya. The study will evaluate the extent to which the managers are recruited based on the required qualification to provide the leadership that would support job satisfaction among public sector employees.
Employees in the public sector would care about the outcomes or their organization mission if they get what they deserve in reward to their good performance and achieve job satisfaction. One of main problems that will be discussed in this study is the absence of encouraging and incentive systems in government organizations. And the big gap between the top management and the employees of organizations which prevent them from sharing comments and giving the feedbacks to the management. Comments and feedbacks from employees will help the public organizations in Libya to improve the organization service quality and achieve customer satisfaction of employees, which will be reflected on the overall performance of these organizations.

Incentives is one of the factors that is missing in the management systems of public organizations, Francois (2000) suggested that unmotivated employees will not work better when incentives are small or even absent. Therefore the purpose of this study is to determine to what extent the public and private sector organizations in Libya differ in the following job satisfaction factors:

(i) Manager selection
(ii) Comments sharing and feedback system
(iii) Incentives and reward system

Research Objectives:

(i) To determine the perception of employees in public sector organization with regard to (a) manager selection (b) comments sharing and feedback system (c) incentives and reward system.
(ii) To determine the perception of employees in private sector organization with regard to (a) managers selection (b) comments sharing and feedback system (c) incentives and reward system
(iii) To compare the perceptions of employees of public and private sector organization regarding a) manager selection (b) comments sharing and feedback system (c) incentives and reward system

MATERIALS AND METHODS

Research Design:
A quantitative approach was adopted for this study. The research design was a cross-sectional field study. A survey method is used to collect data.

Study Setting:
Two companies in Libya were selected for this study. The first is The National Real Estate Investment & Construction Company (NRIC) which is a private company. The main activities of the company are in the field of general buildings, roads, constructions, drainage and infrastructure. The company is located in the municipality of Jafara and a main branch in Tajura – Tripoli municipality.

The second is the Libyan Iron and Steel Company (Lisco), which is one of the largest iron and steel making companies operating in North Africa. Based in Misrata, it is subsidized and owned by the Libyan government. The annual production capacity of this company is approximately 1,324,000 tons of liquid steel.

Respondents for this study are drawn from employees of both these companies. A total of 160 employees from each of the two companies represent the study sample. The evaluation of the level of job satisfaction among selected employees in the study sample will help to build a general understanding about the job satisfaction in public sector organizations in Libya and compare it with employees in private organizations.

Measures of Job Satisfaction:
From the review of literature it is apparent that there are many elements that constitute job satisfaction. An employee’s assessment of his satisfaction with the job is therefore a complex summation of many discrete elements. How then do we measure job satisfaction? Two approaches are popular. The single global rating is a response to one question such as “All things considered, how satisfied are you with your job?” Respondents circle a number between 1 and 5 on a scale from “highly satisfied” to “highly dissatisfied”. The second method, the summation of job facets, is more sophisticated. It identifies key elements in a job such as the nature of the work, supervision, present pay, promotion opportunities and relation with coworkers (Spector, 1997). Respondents rate these on a standardized scale and researchers add these rating to create an overall job satisfaction score. A combination of both these methods are used in this study. Three elements of job satisfaction obtained from preliminary discussion with employees of public and private companies in Libya were selected as a measures of job satisfaction. These three elements are manager selection, comments sharing and feedback system and incentives and reward system. Manager selection refers to the extent to which the employees feel that the managers are selected based on their qualification and experience. Comments sharing and feedback system refers to the opportunities the employees have for sharing comments and giving their feedbacks to the management. Incentives and reward system refers to the extent to which the employees agree that there is a good incentives and reward system in their company. In addition to these statements, the respondents were asked to respond to a state on overall job satisfaction.
**Data Collection:**
A structured questionnaire is used to measure the job satisfaction of the employees in Lisro and NRIC. The questionnaire solicited the response of the employees to the following statements:

1. The selection of managers in my company is according to qualification and experience.
2. There is a comments sharing and feedback system in my company
3. There is a good incentive and reward system in my company.
4. All things considered I am very satisfied with my job.

The respondents were required to respond using a five point rating scale ranging from 5 (strongly agree), 4 (tend to agree), 3 (undecided), 2 (tend to disagree) and 1 (strongly disagree). The questionnaires were personally administered to the respondents in the two companies and collected.

**Data Analysis:**
Both descriptive and inferential statistics were used to analyse the data. Descriptive statistics in the form of frequency and percentage was used to describe the distribution of the three key elements in both the private and public sector companies. Chi square test was used to compare the response of the employees of the two companies for each of the three elements of job satisfaction. The level of significance was set at $p = 0.05$.

**Results:**

**Manager Selection:**
Having the right manager is crucial to the success of any organization. Appointing qualified management-level employees can often be a difficult task. Selecting good managers is a very important step as even the qualities of this particular individual can have a direct impact on the outcome of the organization. Many qualified people can be part of the management team, but not everyone is a good manager or leader, especially in construction and industrial companies. Effective supervision and management are important determinants of the profitability of the organization. These has critical roles as the decision making and implementation of the useful decisions is the major part of the supervision and management.

We asked the participants in the Libyan Iron and Steel Company (Lisco) whether manager selection is done according to qualification and experience. The result of our survey showed that among the 160 participants; (0 employees strongly agree, 17 employees tend to agree, 21 employees undecided, 70 employees tend to disagree, and 52 employees strongly disagree), and the corresponding percentages are as follow: 0% strongly agree, 10.60% tend to agree, 13.15% undecided, 43.75% tend to disagree, 32.50% strongly disagree. The results are presented in Figure 1.

![Fig. 1: Manager selection is according to qualification and experience in Lisco.](chart)

As we can see from the chart presented in figure 1, the total percentage of respondents who either strongly agreed or tended to agree was 10.6%. This suggests that the majority of the employees in the public sector company believe that the managers appointed in the Lisco are not qualified for the job. This may lead the employees to have a negative perception of their managers’ competence and as a consequence a negative evaluation of their workplace.

The result of the private organization NRIC is presented in figure 2. Among the 160 participants; 56 employees strongly agree, 54 employees tend to agree, 18 employees undecided, 22 employees tend to disagree,
and 10 employees strongly disagree. The corresponding percentages are as follow: 35.00% strongly agree, 33.75% tend to agree, 11.25% undecided, 13.75% tend to disagree, 6.25% strongly disagree, The chart in Figure 2 illustrates the perception of employees in the private company regarding manager selection.

![Manager selection bar chart]

**Fig. 2:** Managerial selection is according to qualification and experience in NRIC.

The result in the chart above shows a significant opinion difference between the employees in private and government organizations. And it is obvious that the managers in government organizations are perceived as not qualified. This can have a negative impact on the employees making them perform less well than expected because of neglecting the manager instructions and weak belief in management style. The effective management of change is fundamental to successful management. Having the right managers is crucial to the success of any organization. Inefficient selection may affect the internal environment of the organization badly. Manager’s behavior and experience is strongly associated with the organizational behavior and reflect what an organization can offer for its staff. Hiring qualified managers is regarded as the best way of demonstrating to employees that they are managed by a professional manager possessing high levels of management skills. Hiring unqualified managers can have serious effects in the workplace that can end up costing the organization a lot of money and wasting efforts. When managers perform poorly, retraining or letting them go are usually the only options that companies have. Either way, the cost is much more than hiring top performing managers (SHRM, 2012).

**Comments sharing and Feedback System:**

Feedback may include performance evaluations, coaching, mentoring and general ongoing dialogue between management and employees. According to (MacMillan, 2008), a performance management analyst, employees want to feel successful, to do well at their job and feel they are making a valuable contribution. The ongoing dialogue can keep employees on the right track and inspire continuous performance improvement, and may be able to improve their company’s overall performance.

We asked the participants in the Libyan Iron and Steel Company (Lisco) whether they have the opportunity to post their comments and feedback in order to improve their organization. The result of our survey showed that among of the 160 participants in the government organization; 0 employees strongly agree, 0 employees tend to agree, 53 employees undecided, 64 employees tend to disagree, and 43 employees strongly disagree. The corresponding percentage of employees, 0% strongly agree, 0% tend to agree, 33.12% undecided, 40.00% tend to disagree, 26.87% strongly disagree) is shown in Figure 3.

This result shows that most of the employees in the Libyan Iron and Steel Company (Lisco) tends to disagree with the current working environment and they confirm it is not open to sharing opinions and comments between employees and managers. This would affect their job satisfaction because they are allowed to express their comments to improve their situation and the quality of service provided for clients.

We asked the participants in The National Real Estate Investment and Construction Company (NRIC), whether they have the opportunity to post their comments in order to improve the organization business and provided service. The result of our survey showed that among the 160 participants of NRIC, 61 employees strongly agree, 59 employees tend to agree, 21 employees undecided, 19 employees tend to disagree, and 0 employees strongly disagree. The response of the employees in percentage is 38.12% strongly agree, 36.88% tend to agree, 13.12% undecided, 11.88% tend to disagree, 0% strongly disagree. This is presented in figure 4.
Dialogue and sharing comments is very important in the change process of organization behavior. It can be used to create a vision for change inside the Libyan Iron and Steel Company (Lisco) and push the employees for better ways to improve their work and their performance to a new level. Sharing comments freely will allow for increase in employees’ awareness of the important issues that can improve their productivity and the overall performance of their organization.

Each organization has a unique culture with norms about discussing problems, addressing relationship tension points, and/or creating change within an organization. Employees sharing comments together with their supervisors and managers enhance their working environment and their organization. Recent studies have shown that most of employees regardless of their type of work are cautious to share their opinions and put their comments on public boards so that to improve their workplace.

There should be no differences between employees in public organizations and they should be allowed them to share their opinions. All employees should be given opportunities to put forward their perspectives for the benefit of their organizations; and to create an internal system for responding quickly when conflict occurs in the change process. All public organizations in Libya should realize that dialogue can play a key role in addressing the problem facing their employees which prevent them from doing their job properly.

**Incentives:**

The incentives aim to provide value for money and contribute to organizational success. The study of incentive structures is central to the study of all economic activity. The most common way of motivating employees is giving them an incentive. Incentives enhance employee’s favorable feelings towards their organization and let them perform well because they will feel that giving more to the organizations will be returned with more rewards and profits. Although, incentive programs are not a replacement for pay raises, but nevertheless they can prove to be quite effective.
We asked the participants in the Libyan Iron and Steel Company (Lisco), whether there is a good incentives and reward system inside the organizations. The result of our survey showed that among the 160 participants in the sample, 11 employees strongly agree, 14 employees tend to agree, 22 employees undecided, 52 employees tend to disagree, and 61 employees strongly disagree. The corresponding percentage of employees, 6.88% strongly agree, 8.75% tend to agree, 13.75% undecided, 32.50 % tend to disagree, 38.12% strongly disagree) is shown in Figure 5.

![Fig. 5: There is a good incentive and reward system in Lisco.](image)

The result showed that the majority of employees in Lisco are not satisfied with the current incentive systems. The motive of all incentive programs is to increase the productivity and improve job performance of the employees by enhancing job satisfaction and to help them enjoy their work. The employees who enjoy what they are doing are bound to work better with the clients and also among one another. This is one of the main reasons why employees in private organizations in Libya perform better than employees in public and government organizations as shown in Figure 5.

We asked the participants in National Real Estate Investment & Construction Company (NRIC), if there is a good incentive and reward system in their organizations, the result of our survey showed that among the 160 participants in the sample, 77 employees strongly agree, 58 employees tend to agree, 15 employees undecided, 6 employees tend to disagree, and 4 employees strongly disagree. The corresponding percentage of employees, 48.12% strongly agree, 36.25% tend to agree, 9.37% undecided, 3.75% tend to disagree, 2.50% strongly disagree is shown in Figure 6.

![Fig. 6: There is a good incentive and reward system in NRIC.](image)

This result shows that the majority of employees (84%) in the private organizations are satisfied with their current incentive and reward system.
Overall Job Satisfaction:
The respondents from the Libyan Iron and Steel Company (Lisco), were asked all things considered whether they were satisfied with their job. The results of the survey showed that among the 160 participants 0 strongly agree, 0 tend to agree, 45 undecided, 65 tend to disagree and 50 strongly disagree. The corresponding percentage is 0% strongly agree, 0% tend to agree, 28.12% undecided, 40.63% tend to disagree and 31.25% strongly disagree. The results are presented in Figure 7.

![Fig. 7: All things considered I am very satisfied with my job in Lisco.](image1)

The respondents from the National Real Estate Investment & Construction Company (NRIC), were asked whether all things considered, they were satisfied with their job. The results of the survey showed that among the 160 respondents, was 29 strongly agree, 43 tend to agree, 38 undecided, 39 tend to disagree and 11 strongly disagree. The corresponding percentage is 18.12% strongly agree, 26.88 tend to agree, 23.75% undecided, 24.37% tend to disagree and 6.88% strongly disagree. The results are presented in figure 8.

![Fig. 8: All things considered I am very satisfied with my job in MRIC.](image2)

The results show that employees in a government owned company represented by Lisco are not satisfied with their jobs while a substantial number of employees (45%) from the private company represented by NRIC are satisfied with their jobs.

Comparing Manager Selection, Comments And Feedback System And Incentives Between Lisco And NRIC:
Chi-square tests were carried out to compare the public and private company employees’ perception of manager selection, opportunity for comments and feedback and incentives. The public company was Lisco while the private company was NRIC. For the purpose of comparison, strongly agree and tend to agree responses of the respondents were added together and labeled as agree. The remaining responses were labeled as not agreeing with the statements The results are presented in Table 1.
Table 1: Comparing Lisco and NRIC for manager selection, comments and feedback sharing and incentives N= 320.

<table>
<thead>
<tr>
<th>No.</th>
<th>Job Satisfaction Factors</th>
<th>Chi-square $X^2$</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manager selection</td>
<td>112.92</td>
<td>0.000*</td>
</tr>
<tr>
<td>2.</td>
<td>Comments and feedback sharing</td>
<td>167.62</td>
<td>0.000*</td>
</tr>
<tr>
<td>3.</td>
<td>Incentives and reward system</td>
<td>151.25</td>
<td>0.000*</td>
</tr>
<tr>
<td>4.</td>
<td>Overall satisfaction with the job</td>
<td>92.90</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

*Significant at p = 0.05 level.

The results show that there are significant differences between Lisco and NRIC for manager selection ($X^2 = 151.25, p < 0.05$), comments sharing and feedback system ($X^2 = 167.62, p < 0.05$) and incentive and reward system ($X^2 = 167.62, p < 0.05$). Based on the results it can be concluded that manager selection, comments sharing and feedback system and incentive and reward system are significantly better in NRIC than in Lisco. Since these three elements are important facets of job satisfaction, it follows that job satisfaction of private sector company employees is significantly higher than that of government company employees. In addition from the response of the employees from the two sector to the statement “all things considered I am very satisfied with my job” it can be seen that the private sector employees are significantly more satisfied with their jobs compared to employees from the government company ($X^2 = 92.95, p < 0.05$).

Conclusions:

Summary:

Job satisfaction is a very important variable which correlates to many very important organizational behavior variables such as job performance, OCB, absenteeism, turnover and work deviance. Therefore it is important that management in organizations pay great attention to job satisfaction factors. In this study three key elements of job satisfaction, manager selection, comments sharing and feedback system and incentive and reward system were studied. Comparisons were made between two companies in Libya, one a private company working in the field of construction and building, the second a public company whose main business is steel and iron fabrications. The perception of employees of these two companies regarding manager selection, opportunities for comments sharing and feedback and incentive and reward system were obtained. The findings of the study suggests that these job satisfaction factors of employees in the private company was significantly higher than that of the public sector company. Since job satisfaction factors have been found to be correlated with job performance, dissatisfaction with these job satisfaction factors could have detrimental effect on employee performance and organization performance in the public sector.

Recommendations:

Based on the results of the study, the following recommendations are proposed:

- Since the employees’ perception of their organization is highly influenced by their perception of their superior’s competency, management should ensure only qualified individuals with sufficient experience is recruited or promoted to managerial position. They should review and monitor the qualifications of managers, and replace them with qualified and good leaders in order to enhance job satisfaction of the employees which in turn would motivate them to put in more effort in their jobs.

- The way work is organized should ensure maximum opportunity for comments sharing and feedback. The feedback from the employees should be recognized and rewarded.

- A strategic pay plan should be developed with incentives and benefits that would meet the satisfaction of the employees.

Limitations Of The Study And Suggestions For Further Research:

This study has also a number of limitations. The first limitation is that the collected data is based on a very small sample size and in only two companies in Libya, and therefore its results cannot be generalized for the whole country. There is a need to conduct similar surveys in other organizations in Libya to have a more precise conclusion. The second limitation of the way of collection of data has been made through questionnaire. This way not always gives accurate answers and reflect the true responses of the participants. A more comprehensive picture would have been obtained if triangulation was used in data collection. Third limitation is the job satisfaction factors selected for this study. Further study could be carried out using more elements of job satisfaction.

REFERENCES


