

IMPACT OF PSYCHO-DEMOGRAPHIC VARIABLES ON ORGANIZATIONAL COMMITMENT IN BANKING SECTOR: A COMPARATIVE STUDY

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Abstract *The paper is a comparative study of organizational commitment of public and private bank employees and it also compare the managers and non-managers. Assessment of Organizational Commitment was done with the help of Organizational Commitment Scale by Allen & Mayer (1990). The obtained data was analyzed through the statistical techniques of Independent t-test and analysis of variance (ANOVA) to meet the objectives of the study. The study indicated that organizational commitment level of SBI, PNB and HDFC (0.70) banks employees is almost same but the organizational commitment level of ICICI bank employees was lower (0.64). On the basis of work experience there was no difference in the organizational commitment level of bank employees of two sectors. Further it was also found that managerial (0.69) and male (0.69) employees have high level of organizational commitment than the non-managerial (0.67) and female (0.66) employees of selected banks.*

Keywords: *Affective Commitment, Bank Employees, Continuance Commitment, Normative Commitment, Organizational Commitment.*

INTRODUCTION

In the era of globalization, organizations face strong pressures to be both efficient and produce value added outputs. The goal of efficiency and competitiveness can be achieved if organizations possess the right people with the right attitudes and skills. That is why organizations, across the business landscape, are being seen battling out for workforce share in a way they battle for market share. Organizations have realized that their survival largely depend upon their ability to attract, motivate, and retain the key talent needed to meet aggressive business goals and gain competitive edge. While the factors, such as capital, equipment and other resources are important for organizational success and flourish, the human factor appears to be the most important one since it is the people who have to use all other resources. Without the productive efforts and full-hearted engagement of workers, the material and other resources of organization would be of no use. Not even the latest technologies would be able to

produce the targeted results for the organization without the right people with the right attitudes to utilize them. In support of this viewpoint, Robbins (1978) has pointed out that the existence of dedicated or committed employees serves as the “pivotal variables without which the inanimate assets are worthless.” Several respected research and consulting organizations (Walker Information Global Network, 2001) also suggest that a committed workforce is a ‘hallmark’ of a successful organization. Committed or dedicated employees are expected to be more productive and work with focus on quality to increase customer satisfaction and the profitability of their organization. In other words, committed employees are the salient resources and the foundations of any organization.

Organizational commitment has gained the attention of sociologists and psychologists in the past decade as one of important variable. Porter (1947) has suggested that Organizational Commitment may be a construct which has the potential of establishing reliable linkages between behavior

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and other attitudes. Organizational Commitment has grown recently and as such studies on this construct have been concerned with developing the measures of Organizational Commitment and identifying the performance and outcome of it.

CONCEPT OF ORGANIZATIONAL COMMITMENT

Organizational commitment in the fields of Organizational Behavior and Industrial/Organizational Psychology is, in a general sense, the employee's psychological attachment to the organization. It can be contrasted with other work-related attitudes, such as job satisfaction, defined as an employee's feelings about their job, and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with their organization.

According to Cook and Wall (1980), too, organizational commitment has three interrelated components: (1) pride in the organization and internalization of its goals; (2) willingness to invest personal efforts for the sake of organization, and (3) affection for and attachment to the organization and a wish to remain a member of the organization. In the context of this definition, organizational commitment embraces the following three elements. These are (a) the acceptance of organizational goals and a strong belief in these goals (b) willingness to perform substantial efforts on behalf of the organization (c) having a definite desire to maintain organizational membership (Chen et al., 2002; Allen & Meyer, 1990; Agarwal et al., 1999; Nijhof et al., 1998; Uygur, 2004).

Employees with high level of organizational commitment have significant contributions to the achievement of the organization goals under competitive conditions (Feldman & Moore, 1982). Commitment of employees to the organization and using all his/her skills and expertise for the advancement of the organization concerned is a significance issue. Establishment may have a preference to work with those with high level of organizational commitment. The reason for this is the belief that challenges encountered on the way to reaching goals may be overcome with such employees. Attributes of employees in terms of organizational commitment is the key guide for the success of the business.

Organizational commitment has been defined as "A psychological state that characterizes an employee's relationship with an organization and has implications for the decision to continue membership of the organization" (Meyer and Allen 1991).

COMPONENTS OF ORGANIZATIONAL COMMITMENT

According to Meyer and Allen's (1991) three-component model of commitment prior research indicated that there are three "mind sets" which can characterize an employee's commitment to the organization:

I. Affective commitment

Affective commitment refers to the employee's emotional attachment to, identification with and involvement in the organization and its goals (Meyer & Allen, 1991). The attachment is reflected in one's role, task management and social interaction in relation to the organizational goals and values (Lee, Allen, Meyer & Rhee, 2001). According to Hofstede (1980), people coming from more individualistic cultures tend to be more idiocentric (Earley, 1989) and more calculative on self achievement (Randall, 1993). They feel committed due to the job itself or the compensation system provided by their employer (Boyacigiller & Adler, 1991).

II. Continuance commitment

Continuance commitment refers to commitment based on the costs and risk the employees associate with leaving the organization. As such, the fewer alternative employment opportunities an employee has, the higher the continuance commitment is perceived. Randall (1993) argues that individualism is associated positively with continuance commitment as both constructs emphasize a cost-benefit approach to behavioral intention.

III. Normative commitment

Normative commitment refers to employees' feelings of obligation, duty or loyalty to remain with the organization, even when the organization suffers some problems (Meyer & Allen, 1991). It is believed that this type of commitment will be influenced by an individual's experiences both prior to cultural socialization and following organizational socialization entry into the organization. According to Randall (1993), normative commitment is lower in the country with high collectivism; and in the country with higher uncertainty avoidance.

Commitment has usually been studied as an individual level variable. Studies have also looked at commitment as an organization/ group level variable. Ostroff (1992) showed that aggregation of commitment scores of individuals is meaningful when there has been consensus among members of the group. The correlation between commitment at group level and performance has shown to be stronger than what was seen at individual level. Such aggregation is more appropriate when performance is a result of highly interdependent activities of individuals (Ostroff 1993).

REVIEW OF LITERATURE

A review of the theoretical literature on the organizational commitment construct shows that very little consensus exists among the scholars and researchers on how the construct can be defined conceptually. As the construct develops and evolves over the years, scholars from the various disciplines give their own conceptual definitions as to how the construct should be conceptually defined.

Becker (1960) referred 'commitment to occupation' as that if, for instance, a person refuses to change his job, even though, the new job offers him a high salary and better working conditions, one should suspect that his decision is the result of commitment. Kanter (1968) referred it as a process through which individual's interests become attached to carrying out socially organized patterns of behaviours which are seen as fulfilling those interests and as expressions of the nature/needs of the person. Commitment is an attitude on the part of the employee towards the organization where he/she is working. It is often defined as a strong desire to remain in a particular organization, a willingness to exert high levels of effort on behalf of the organization, and a definite belief in, and acceptance of the value and goals of the organization. In other words, this is an attitude reflecting employees' loyalty to their organization (Luthans, 2002).

Pala et. al. (2008) in their study the effects of demographic characteristics on organizational commitment and job satisfaction: an empirical study on Turkish health care staff, explored the relationship between organizational commitment, job satisfaction and demographic characteristics. It was found that organizational commitment level of men health care staff was higher than woman health care staff and organizational commitment scores of health care staff who had technical school were lower than health care staff that had university degree and master degree or above degree. Further, it was found that organizational commitment, general satisfaction and interior satisfaction scores of private hospital were higher than public hospital and exterior satisfaction scores of health care staff who had been working under 1 year and between 11-15 years in profession and institution were higher than health care staff who had been working for more than 16 years. Sowmya & Panchanatham (2011) in a study on organizational commitment identified the factors influencing organizational commitment of banking sector employees in Chennai. They found that in banks, organizational commitment depends upon the optimistic and affirmative commitment of the employees. It shows a positive signal of the employees revealing the commitment and attachment of employees to the organization. It was also found that the bank employees are enthusiastic in reflecting their continuance commitment in their work environment to provide maximum service to their customers. The organizational commitment of the bank employees is also empha-

sized through their normative commitment to their organizational goals. It has been assumed by organizational behavior research that individuals who express high commitment in their jobs are likely to be more productive, have higher satisfaction and have less likely to resign than employees with low commitment. Khalili and Asmawi (2012) investigated the impact of gender differences on organizational commitment in a private small and medium enterprise (SME) company in Iran. The results revealed that men and women have the same level of affective commitment, continuance commitment and overall organizational commitment but women have a greater level of normative commitment than men within the SME.

Mangaleswaran & Srinivasan (2012) compared organizational commitment of employees in public sector banks (PSBs) in India and Sri Lanka. The result revealed that employee commitment differs between PSBs in India and PSBs in Sri Lanka. The Indian PSBs employees are more committed to their Banks than their counter parts. This may be due to the demographic variables such as age, gender, marital status, academic qualifications and tenure etc. Kumasey et. al. (2014) in "Occupational Stress and Organizational Commitment: Does Sex and Managerial Status Matter?" investigated whether sex and managerial status have any effects on occupational stress and organizational commitment in Ghanaian banking sector. It was found that male workers have high level of commitment than female workers but managers did not reveal significantly higher level of organizational commitment than non-managers. Further, in term of occupational stress, males and managers did not differ significantly from their females and non-managers counterparts.

The present study attempts to make a comparison of organizational commitment level of employees of public sector (SBI, PNB) and private sector (HDFC, ICICI) banks, comparison on the basis of psycho-demographic variables (designation, gender and work experience) with the hope that the results of the study will provide useful inputs to the banking administration to design appropriate policies and techniques to attract, motivate and retain talent in banking sector.

OBJECTIVES OF THE STUDY

1. To study and compare the organizational commitment of employees of selected public and private sector banks.
2. To compare the level of organizational commitment between the managerial and non-managerial employees of selected public and private sector banks.
3. To compare the level of organizational commitment on the basis of work experience of employees of selected public and private sector banks.

4. To compare the level of organizational commitment on the basis of gender of employees of selected public and private banks.

HYPOTHESES

Ho1. There is no significant difference in the level of perceived organizational commitment of employees in various selected public & private banks.

Ho2. There is no significant difference in the level of organizational commitment of manager and non-manager employees in various selected public & private banks.

Ho3. There is no significant difference on the basis of work experience in the level of organizational commitment of employees in various selected public & private banks.

Ho4. There is no significant difference in the level of organizational commitment of male and female employees in various selected public & private banks.

RESEARCH METHODOLOGY

Research Design

The present study is descriptive as well as comparative in nature in context of public and private sector banks. Here the researcher, on the one hand, has attempted to study the organizational commitment level of employees. On the other hand an effort has been made to compare the level of organizational commitment on the basis of psycho-demographic variables.

Sample

Manager and non-manager employees working in different branches of public sector banks (SBI and PNB) and private sector banks (HDFC and ICICI) located in Haryana. The total no of respondents were 302 managers as well as non-managers.

Research Instrument

The Organizational Commitment Scale developed by Natalie J. Allen and John P. Meyer (1990) was used for data collection. The dimensions with their items are mentioned in the following table.

The scale consists of 24 items, each to be rated on the five point scale. Out of 24 items 15 are 'Positive – Keyed' and 9 are 'Negative – Keyed'. The items relate to all components of the organizational commitment such as affective commitment, continuance commitment and normative commitment. Cronbach's alpha-coefficient for the organizational commitment (.905) was found quite reliable.

RESULT AND DISCUSSION

In order to meet the objectives of the study, a comparison of organizational commitment level of bank employees has been done with the help of various statistical methods like arithmetic mean, standard deviation (descriptive statistic), independent sample t-test and one way ANOVA. SPSS (statistical package for social sciences) was used for the data analysis. The results of all these analyses are described under separate headings:

Table 1. Components of Organizational Commitment Scale

Sr.	Factors/Components	Organizational Commitment Scale Statements	Total
1	Affective Commitment	1,2,3,4*,5*,6*,7,8*	8 Statements
2	Continuance Commitment	9*,10,11,12*,13,14,15,16	8 Statements
3	Normative Commitment	17,18*,19*,20,21,22,23,24*	8 Statements
	Organizational Commitment		24 Statements

*Negative key items.

Table 2. (a). ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	0.190	3	0.063		
Within Groups	3.238	298	0.011	5.829	0.001
Total	3.428	301			

Table 2. (b). Descriptive Statistics of Employees of SBI, PNB, HDFC & ICICI Banks

	N	Mean	Std. Deviation
SBI	92	0.7018	0.10453
PNB	76	0.7059	0.09687
HDFC	52	0.6882	0.09197
ICICI	82	0.6451	0.11700
Total	302	0.6851	0.10672

Table 2(c). Multiple Comparisons

	Bank (J) Bank	Mean Difference (I-J)	Std. Error	Sig.
LSD	SBI PNB	-0.00412	0.01616	0.994
	HDFC	0.01362	0.01809	0.875
	ICICI	0.05666	0.01583	0.002
PNB	SBI	0.00412	0.01616	0.994
	HDFC	0.01774	0.01876	0.780
	ICICI	0.06078	0.01660	0.002
HDFC	SBI	-0.01362	0.01809	0.875
	PNB	-0.01774	0.01876	0.780
	ICICI	0.04304	0.01848	0.094
ICICI	SBI	-0.05666	0.01583	0.002
	PNB	-0.06078	0.01660	0.002
	HDFC	-0.04304	0.01848	0.094

SECTION — (I) ANALYSIS OF VARIANCE

Since the objective no 1 of study was to study and compare the organizational commitment of employees in selected public & private banks. ANOVA was considered as one of the most pertinent statistics. This section has deals with the multiple comparisons of multiple factors included in the study.

The mean difference is significant at the 0.05 level

The Organizational Commitment was subjected to one way ANOVA. When there are more than two categories i.e. four banks in the present study to compare, one way ANOVA is applied. Wherever the significant difference were found ($p\text{-value} < 0.05$), the mean scores were compared to see the responses of the various categories. Further Post hoc analyses were performed wherever independent variable contained more than 2 categories. Tukey method is considered as the best method when there is homogeneity of variance.

From the above table no 2 (a) it was found that the significant-value for Organizational Commitment was less than 0.05. This indicates that there is significant difference of the mean scores of organizational commitment among the various banks. Table no 2 (b) Indicates that organizational

commitment scores for SBI (mean score 0.7018) and PNB (mean score 0.7059) were more than that of HDFC (mean score 0.6882) and ICICI (mean score 0.6851).

To check whether all banks have significant differences for their mean scores, Post hoc analysis (Paired Comparison) was applied with Tukey Method. Results indicate that ICICI bank differs significantly from SBI (Sig value 0.002) and PNB (Sig value 0.02). No other differences were found to be significant. In other words the organizational commitment level among SBI, PNB and HDFC was found to be almost same while that of ICICI was much lower than that of other (understudy) banks. In other words, public sector bank employees had high level of organizational commitment level than the private sector bank employees.

Hypotheses (Ho) 1: There is no significance difference in the level of perceived Organizational Commitment of employees in various selected banks.

Hence, $p\text{-value} (.001) < 0.05$, so null hypothesis is rejected and alternative hypothesis is accepted that means that there is significance difference in the level of Perceived Organizational Commitment of employees in various selected banks was found.

Since the next objective no 2 of study was to compare the level of organizational commitment on the basis of work

Table 3 (a). ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.039	5	0.008		
Within Groups	3.389	296		0.685	0.635
Total	3.428	301	0.011		

Table 3 (b). Work experience Descriptive Statistics of Bank Employees

	N	Mean	Std. Deviation
Less than 5 yrs	135	0.6880	0.11060
5-10 yrs	62	0.6860	0.09602
10-15 yrs	14	0.6456	0.09611
15-20 yrs	12	0.7069	0.08884
20-25 yrs	14	0.7073	0.10018
25 & above	65	0.6777	0.11524
Total	302	0.6851	0.10672

Table 3 (c). Multiple Comparisons

Experience (J)	Experience	Mean Difference (I-J)	Std. Error	Sig.
Less than 5 yrs	5-10 yrs	0.00202	0.01642	1.000
	10-15 yrs	0.04248	0.03004	0.791
	15-20 yrs	-0.01887	0.03223	0.992
	20-25 yrs	-0.01924	0.03004	0.988
	25 & above	0.01031	0.01615	0.988
5-10 yrs	Less than 5 yrs	-0.00202	0.01642	1.000
	10-15 yrs	0.04046	0.03166	0.797
	15-20 yrs	-0.02088	0.03375	0.990
	20-25 yrs	-0.02126	0.03166	0.985
	25 & above	0.00829	0.01899	0.998
10-15 yrs	Less than 5 yrs	-0.04248	0.03004	0.719
	5-10 yrs	-0.04046	0.03166	0.797
	15-20 yrs	-0.06134	0.04209	0.692
	20-25 yrs	-0.06172	0.04044	0.648
	25 & above	-0.03217	0.03153	0.911
15-20 yrs	Less than 5 yrs	0.01887	0.03223	0.992
	5-10 yrs	0.02088	0.03375	0.990
	10-15 yrs	0.06134	0.04209	0.692
	20-25 yrs	-0.00038	0.04209	1.000
	25 & above	0.02917	0.03362	0.954
20-25 yrs	Less than 5 yrs	0.01924	0.03004	0.988
	5-10 yrs	0.02126	0.03166	0.985
	10-15 yrs	0.06172	0.04044	0.648
	15-20 yrs	0.00038	0.04209	1.000
	25 & above	0.02955	0.03153	0.937
25 & above	Less than 5 yrs	-0.01031	0.01615	0.988
	5-10 yrs	-0.00829	0.01899	0.998
	10-15 yrs	0.03217	0.03153	0.911
	15-20 yrs	-0.02917	0.03362	0.954
	20-25 yrs	-0.02955	0.03153	0.937

experience of selected public & private bank employees. ANOVA was considered as one of the most pertinent statistics. The preceding section has dealt with the multiple comparisons of multiple factors included in the study.

The mean difference is significant at the 0.05 level

The organizational commitment was subjected to one way ANOVA. When there are more than two categories i.e. six types of work experience in the present study to compare, one way ANOVA is applied. Wherever the significant difference was not found (p -value >0.05), the mean score were also compared to see the responses of various categories. Further post hoc analyses were performed wherever independent variable contained more than 2 categories. Tukey method is considered as the best method when there is homogeneity of variance.

From the above table no 3 (a), it was found that the significant-value for organizational commitment was greater than 0.05, this indicate that there is no significant difference of mean scores of organizational commitment among the bank employees on the basis of different work experiences categories. Table no 3 (b) indicate that organizational commitment scores for employees having less than 5 years

work experience (mean score .6880), employees having 5-10 years work experience (mean scores .6860), employees having 10-15 years work experience (mean scores .6456), employees having 15-20 years work experience (mean scores .7069), employees having 20-25 years work experience (mean scores .7073), employees having 25 & above years work experience (mean scores .6777).

To check whether all the categories of work experience have insignificant difference for their mean scores, post hoc analysis (paired comparison) was applied with Tukey method. Results indicated that no one difference was found significant. In other words, organizational commitment level among the different categories of bank employees was found almost same.

Hypothesis (Ho) 2: There is no significant difference on the basis of work experience in the level of Organizational Commitment of employees in various selected public & private banks.

Hence, p -value (.635) > 0.05 , so the null hypothesis is accepted that means that there is no significant difference on the basis of work experience in the level of organizational commitment of employees in various selected public & private banks.

Table 4 (a) Group Statistics

Designation	N	Mean	Std. Deviation	Std. Error Mean
OC Managers	120	.6995	.09662	.00882
Non-managers	182	.6756	.11213	.00831

Whereas OC= organizational commitment

Table 4 (b) Independent t- test

t-test for Equality of Means					
	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Difference
OC Equal variances assumed	1.917	300	.056	.02395	.01249

Whereas OC= organizational commitment

Table 5 (a) Group Statistics

Designation	N	Mean	Std. Deviation	Std. Error Mean
OC Male	217	.6931	.10097	.00685
Female	85	.6645	.11833	.01283

Whereas OC= organizational commitment

Table 5 (b) Independent t- test

t-test for Equality of Means					
	t	df	Sig.(2-tailed)	Mean Difference	Std. Error Difference
OC Equal variances assumed	2.105	300	.036	.02859	.01358

Whereas OC= organizational commitment

SECTION- (II) DESCRIPTIVE STATISTICS

Comparison of Organizational Commitment on the Basis of Designation

The objective of study was to compare the level of organizational commitment between the managerial and non- managerial bank employees. Independent t-test was considered as one of the most appropriate statistics, it is used to compare the means between two unrelated groups on same continuous dependent variable.

T-test was applied to compare the level of organizational commitment of Managers & Non-manager and results are shown in Table No. 4 (a& b). Mean & Std. Deviations of both groups are given in table no 4 (a). The p-value (sig.) of .05 equal & less than the alpha .05, there for the null hypothesis "2" that there is no difference between managers & non-managers on organizational commitment level was rejected. Although managers have (mean=.6995) high level of organizational commitment than the non-managers (mean=.6756).

Comparison of Organizational Commitment on the Gender Basis

The objective of the study was to compare the level of organizational commitment on the gender of bank employees. Independent t-test was considered as one of the most appropriate statistics, it is used to compare the means between two unrelated groups on same continuous dependent variable.

T-test was applied to compare the level of organizational commitment of Male & Female employees and results are shown in Table No 5. (a & b). Mean & S. D. values for both two groups are given in table no 5 (a). The p-value (sig.) of .036 less than alpha .05, there for the null hypothesis "3" that there is no difference between Male & Female employees on perceived Organizational commitment level was rejected. Although Male employees have high level of organizational commitment (mean=.693) than female employees (.664).

CONCLUSION

This research compared the level of organizational commitment of employees of public sector (SBI, PNB) and private sector (HDFC, ICICI) banks. From the above analysis it can be concluded that organizational commitment exists in the employees of banks understudy. Organizational commitment level of banks employees of ICICI banks is lower than the employees of SBI, PNB, and HDFC. The results of the study reported that on the basis of work

experience there is no difference in the organizational commitment level of bank employees. Further, on the basis of designation and gender, it was concluded that managerial employees and male employees has greater level of organizational commitment level than the non-managers and female employees.

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