

Impact of Demographic factors on Organizational Commitment: A study of Banking Sector

Purnima Gupta*
Yashwant Kumar Gupta**

ABSTRACT

Organizational Commitment has gained importance over the years due to fierce competition in procuring and retaining the best employees in the organization. Banking, being a service sector, is very much dependent upon its human resources and thus its employees play an important part in the development of this sector. This study examines the various demographic variables and its effect on organizational commitment of employees of the banking sector of Himachal Pradesh. The demographic factors under study are ownership of banks, gender and the job level of employees of the banking sector. A sample of employees working in the public sector banks and private sector banks in Himachal Pradesh has been taken for the present study. Stratified Random Sampling was used for this study. The findings of the study suggest that the banking organisations should adopt certain strategies to improve the Organisational Commitment of the employees so that they get more motivated and attached to their organisation which would ultimately lead to more productivity and effectiveness.

Keywords: organizational commitment, affective commitment, normative commitment, continuance commitment, demographic variables, banking.

INTRODUCTION

All organizations desire of an environment in which employees give their very best to the organization and stand by it during trying conditions. Over the years organizational commitment is a topic which has received considerable attention. A better understanding of organizational commitment and the factors associated with them helps managers guide employees' activities in a certain direction. For an employee, a stronger organizational commitment could result in enhanced feelings of belongingness, security, career advancement opportunities, increased compensation and intrinsic rewards for the organizational member (Rowden, 2000). It can be characterized by three factors: 1) a strong belief in and acceptance of organization's goals and values; 2) a willingness to exert considerable effort on the behalf of the organization; and 3) a strong desire to

maintain membership in the organization. (Porter et.al.,1974). Often commitment is seen as a force that binds an individual to a course of action that is relevant to one or more targets (Cohen 2003). Meyer and Allen's approach has been the leading approach in studying organizational commitment for more than 20 years (Cohen 2007, 337). Affective commitment is employees' emotional attachment to organization, identification with organization and involvement in organization. Employees, who have a strong affective commitment, stay in the organization because they want to. (Allen & Meyer 1990,1-3). Meyer and Allen proposed continuance commitment as a better representation of Becker's side-bet approach. It was designed to assess the extent to which employees feel committed to their organizations by virtue of the costs that they feel are associated with leaving. After some years, the third dimension was added i.e. normative commitment

*Research Scholar, Himachal Pradesh University Business School, Shimla

**Professor, Himachal Pradesh University Business School, Shimla

(Allen & Meyer, 1990; Meyer & Allen, 1991). Normative commitment refers to a person's feelings of obligation to stay with the organization. In other words, employees remain in the organization because they ought to do so.

REVIEW OF LITERATURE

Various studies have been conducted to study the impact of demographic variables on organizational commitment.

Rabindarang et.al. (2014) studied the impact of demographic variables on organizational commitment in the education sector. It was found that there were no significant differences in gender, marital status and educational qualification on organizational commitment. The significant difference was only found among the various age groups on organizational commitment.

Affum Osei et.al. (2015) analysed the relationship between organizational commitment and demographic variables in a commercial bank in Ghana. The study revealed that a majority of the employees were moderately and highly committed with male employees recording the highest level of commitment compared to their female counterpart. The study further indicated a significant relationship between organizational commitment and demographic variables.

Võ Văn Việt (2015) examined the demographic factors affecting organizational commitment of lecturers of a university. The author found a low correlation between years of work and continuance commitment; between gender and affective commitment; between highest degree earned with normative commitment, a low negative correlation between age and normative commitment.

Suneja, A. et.al. (2015) examined the demographic factors such as gender and marital status of employees in the public sector and private sector banks. It was suggested that the banking sector should adopt the strategies to improve the organizational commitment of unmarried employees so that they become more motivated and attached to the organization.

NEED OF THE STUDY

Banking is a service industry and is constantly changing. Mainly the human resources of a bank are responsible for the kind of services provided to the customers and hence are considered as the most valuable resources of the organisations. Banking sector has undergone many reforms since 1990. Now, it is highly competitive and market-oriented sector wherein technology is changing rapidly. In the present scenario, the concerned areas of the banking industry are improving profitability, more productivity, more business per employee and more customer satisfaction. So, each and every action has been taken to enable survival of the banks in a globally competitive scenario which results in an increase in the stress level of employees. The HR departments require constructing strategies to improve the commitment level of employees which automatically reduces the stress level, increases job satisfaction, and improves the efficiency and productivity of the employees.

OBJECTIVES OF THE STUDY

- To study the organizational commitment of employees based upon gender in the banking sector.
- To study the organizational commitment of employees based on the ownership of banks.
- To study the organizational commitment based on the job level of the employees in the banking sector.

RESEARCH METHODOLOGY

Participants

The present study is confined to the employees of public sector and private sector banks in Himachal Pradesh. Stratified Random Sampling has been used for the study. Three major categories of employees i.e. Managers, Officers and Clerical has been taken from the public sector banks and only managers and officers from private sector banks have been taken because the private sector banks do not have clerical staff.

Measurement Instrument

Primary data required for the study has been collected with the help of a standardised structured

questionnaire. The measurement instrument used for this purpose was based on the scale developed by Allen and Meyer in 1990. It is based on twenty-four statements under three components i.e. Affective Commitment, Normative Commitment, and Continuance Commitment (each component contains 8 statements). The responses were collected on a five-point scale of "strongly disagree", "disagree", "neutral", "agree", and "strongly agree".

Hypothesis:-

H01: There is no significant effect of ownership of banks on Organizational Commitment.

H02: There is no significant effect of gender on Organizational Commitment.

H03: There is no significant effect of job level on Organizational Commitment.

ANALYSIS AND INTERPRETATION

Sample:

The survey was carried out in four commercial banks. A stratified random sampling was used. Total of 380 questionnaires were distributed to the respondents. However, only 326 questionnaires were returned and analysed. Thus, the present study has a sample of 326 employees working in public sector banks and private sector banks in Shimla district of Himachal Pradesh. As prescribed in table 1, about 64.4 percent of respondents are working in public sector banks i.e. State Bank of India and Punjab National Bank and 35.6 percent respondents are working in private banks i.e. HDFC Bank and ICICI Bank. It can be also seen in the Table that the total sample comprises of 239 (73.3%) male and 87 (26.7%) female respondents. Considering the job level of the respondents, about 26.7% are under clerical category, 31.6 under officer and 41.7 under the managerial category.

ATTRIBUTE	CHARACTERISTICS	FREQUENCY	PERCENTAGE
Ownership of Bank	Public Sector	210	64.4
	Private Sector	116	35.6
Total		326	100
Gender	Male	239	73.3
	Female	87	26.7
Total		326	100
Job Level	Clerical	87	26.7
	Officer	103	31.6
	Managerial	136	41.7
Total		326	100

Table 1: Sample Profile of the Respondents

Source: Primary Data

Data Analysis:

Data analysis procedures chosen for this research are based on their applicability to the exploratory nature of the research design. Descriptive and inferential statistics are used to analyze the data. The analysis was conducted using the statistical software program SPSS 20. Further, additional analyses to determine if there are any statistically significant

differences in the mean scores for affective, continuance, and normative commitment based on demographics are determined. These analyses include Independent sample t-test for type of bank and gender. For analysing organizational commitment at the job level of employees One Way ANOVA was used.

Independent T-Table for Comparison of Ownership of Bank with Organizational Commitment

Variable	Ownership of Bank	N	Mean	Standard Deviation	t-value	p-value
Affective Commitment	Public Sector Banks	210	3.0917	0.3758	-1.905	0.058
	Private Sector Banks	116	3.1929	0.49956		
	Total	326	3.1423	0.43768		
Continuance Commitment	Public Sector Banks	210	3.2119	0.56662	4.476	0.000
	Private Sector Banks	116	2.9181	0.56868		
	Total	326	3.065	0.56765		
Normative Commitment	Public Sector Banks	210	3.2048	0.46599	-0.64	0.546
	Private Sector Banks	116	3.2392	0.53836		
	Total	326	3.222	0.502175		

Table 2

Independent Sample t-test Table

At the overall level, the highest mean (3.222) score was obtained on the Normative Commitment. In a similar manner, the highest mean score of 3.2119 on continuance commitment was obtained by the employees of public sector banks and 3.2392 was obtained by the employees of private sector banks on normative commitment. This showed that banking employees had a perception of obligation to their organization.

From the results, t-value for affective commitment is -1.905 and p-value of 0.058 which is more than 0.05. Thus the p-value is not significant and hence the

hypothesis that there is no significant effect of ownership of banks on affective commitment is accepted. The t-value of Continuance Commitment is 4.476 and p-value of 0.000 which is less than 0.05. Thus the p-value is significant and hence the hypothesis that there is no significant effect of ownership of banks on continuance commitment is rejected. The t-value for Normative Commitment is -0.64 and p-value of 0.546 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of ownership of banks on normative commitment is accepted.

Independent T Table for Comparison of Organizational Commitment with Respect to Gender

Variable	Gender	N	Mean	Standard Deviation	t-value	p-value
Affective Commitment	Male	239	3.1606	0.44206	2.325	0.021
	Female	87	3.1044	0.36574		
	Total	326	3.1277	0.4039		
Continuance Commitment	Male	239	3.1360	0.59647	1.470	0.143
	Female	87	3.0287	0.54276		
	Total	326	3.08235	0.569615		
Normative Commitment	Male	239	3.2374	0.49694	1.242	0.215
	Female	87	3.1609	0.47805		
	Total	326	3.19915	0.487495		

Table 3 Independent Sample t-test Table

At the overall level, the highest mean (3.1991) score was obtained on the Normative Commitment. In a similar manner, the highest mean score of 3.2374 and 3.1609 was obtained for the males and females respectively on Normative Commitment which showed that both males and females had the highest agreement on Normative Commitment. This showed that banking employees had a perception of obligation to their organization.

The t-value of Affective Commitment is 2.325 and p-value of 0.021 which is less than 0.05. Thus the p-

value is significant and hence the hypothesis that there is no significant effect of gender on affective commitment is rejected. The t-value for Continuance Commitment is 1.470 and p-value of 0.143 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of gender on continuance commitment is accepted. The t-value for Normative Commitment is 1.242 and p-value of 0.215 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of gender on normative commitment is accepted.

**Anova Table for Comparison of Job Level Wise
with Organizational Commitment**

Variable	Job Level	N	Mean	Standard Deviation	f-value	p-value
Affective Commitment	Clerical	87	3.092	0.38901	1.076	0.342
	Officer	103	3.1044	0.51244		
	Managerial	136	3.1682	0.37311		
	Total	326	3.1277	0.42601		
Continuance Commitment	Clerical	87	3.1825	0.557	2.506	0.083
	Officer	103	3.0049	0.56743		
	Managerial	136	3.1369	0.6057		
	Total	326	3.1074	0.58373		
Normative Commitment	Clerical	87	3.181	0.468	2.713	0.068
	Officer	103	3.1505	0.52638		
	Managerial	136	3.2904	0.47456		
	Total	326	3.217	0.49241		

Table 4 One Way ANOVA Table

It is observed from Table 4 that under affective commitment, the managers had the highest mean score (3.1682) which showed that the managers were strongly emotionally attached to their organization as compared to officers and clerks. It can also be observed that under continuance commitment clerks had the highest mean score (3.1825) which showed that they feel that the loss they would experience by leaving would be greater than the benefit they might gain in a new one. For normative commitment, the managers had the highest mean score (3.2904) which meant that they felt a sense of obligation towards their organization.

Table 4 also depicts that overall the highest values of the mean (3.217) have been obtained on normative commitment which shows that the employees felt legally or morally bound to their organization even if they were unhappy with their roles or even if they wanted to go for better opportunities. They stayed with the organization because they felt that it is the right thing to do.

From the results, the f-value of Affective Commitment is 1.076 and p-value of 0.342 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of job level on affective commitment is accepted. The f-value of Continuance Commitment is 2.506 and p-value of 0.083 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of job level on normative commitment is accepted. The f-value of Normative Commitment is 2.713 and p-

value of 0.068 which is greater than 0.05. Thus the p-value is not significant and hence the hypothesis that there is no significant effect of job level on normative commitment is accepted.

CONCLUSION & DISCUSSION

This study showed that personal and demographic characteristics have an effect on different dimensions of organizational commitment. Most of the obtained results of the present study are in conformity with earlier findings. The results of the study showed that ownership of banks did affect the affective commitment. It was also seen that gender did affect the affective commitment. On the other hand, no significant effect of job level was found on organizational commitment.

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