

# Relations between organizational commitment and demographic factors: a research in banking sector

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## **Abstract**

Aim of this research is to answer if organizational commitment changes according to demographic factors. Inputs gained from 200 person sample group from banking sector. According to the analysis it is found that affective and continuance commitment increases with age and job experience, and all componenets of commitment increase according to time in the last job. With the results derived from analysis, research's support to organizational theory is discussed and some advices put forward.

**Keywords:** Organisational commitment; affective commitment; continuance commitment; normative commitment; demographic factors.

One of the most important problems in workplace is unhappiness of workers from their workplace and their works. For that reason, to sustain worker's happiness is one of the priorities of employers. Worker's happiness to productivity. In that perspective, organizational commitment that is acceptance of organization's objectives and willingness to stay in the organization is came forth and became important. Additionally, it is absolute that organizations that want to survive, it is an obligation to give importance to organizational commitment since growing effect of globalization, smalling world, eliminating the borders of nations for economic and treaty issues.

## **Theory background of Organizational Commitment**

Organisational commitment for an individual is to accept the goals and values of an organisation, to spend effort to reach these goals and to wish to continue to be a member of the organisation. Organizational Commitment is a versatile concept that its different perspectives discussed (Mathews & Shepherd, 2002). Morrow emphasizes that there are more than 25 descriptions for organizational commitment (Oliver, 1990, p.10). As for the descriptions, even if there is consensus on organizational commitment is a direct relation between organization and worker, there are different perspectives about structure and evaluation of this relation. According to Mathews and Shepherd, "individuals having high commitment are the persons strongly believes the organization's objectives and aims, working hard for the sake of organization and willingness to be a member and part of organization" (p.369). As it is observed organizational commitment is acceptance of organizational process by workers. Grusky says organizational commitment is the strength of affinity of worker to the

organization while Mowday et.al. describe strong emotions of workers in order to stay in the organization as well as believing organizations objectives and effort to achieve them. Commitment is important for the organizational performance since it effects productivity, labor force turnover ratio, performance changes and idea for leaving from job.

Another important part of the organizational commitment is worker's acceptance for organizational objectives, give more importance to organizations objectives more than personnel objectives and continuance for organizations membership willingly. So individuals will adjust both personnel and organizations principles and values (Clayton, 2000, p.160).

Organizational commitment is worker's loyalty to work, accordance with work and adaptation to work (Yüksel, 2000, p.76). In that perspective since commitment is the identification degree of worker to organization, it requires to actively participation (Newstorm & Davis, 1993, p.198).

Mathews & Shepherd describes organizational commitment as "torrential willingness for acquiring organizations objectives and values, effort for the sake of organization and torrential eagerness to be part and member of organization". There are lots of researches showing that organizational commitment increases job performance (Meyer, et.al., 1989), and decreases the labor force turnover ratio (Meyer, et.al., 1989; Blau & Boal, 1987).

According to different researches in literature, it is emphasized that organizational commitment reflects the identification degree and have three different components (Reichers, 1985, p.468):

- a) Strong eagerness of worker in order to become a member of organization,
- b) High degree eagerness of worker for the sake of organizations benefit,
- c) Workers acceptance of organizations objectives and values.

As a conclusion we can say, identification is focused on the connection and pride employees feel toward their organization. The involvement construct encompasses the perceived contribution an employee makes to an organization and how the employee feels about it. It also includes an employee's effort for the company (beyond personal gain) and his or her willingness to help even if it takes additional time or work. Loyalty to the company is determined by assessing employee intentions to leave, particularly if additional compensation were offered by another firm.

### **Allen and Meyer's Organizational Coomitment**

Allen & Meyer seperates organizational commitment in three section and shows that all of them are different and can measurable (Meyer & Allen, 1991, p.61-89).

Meyer & Allen (1991, p.61-89) in their study focusing on the commitment's physiological specialities, tell the three factor of organizational commitment are:

- Eagerness (affective commitment),
- Need (continuance commitment) and
- Obligation (normative continuance).

They assert that organiational commitment base on three main pillar which are affective, continuance and normative commitment (Meyer vd., 1998, p.32). There exists three different dimensions of organisational commitment, that provide important benefits for both organisations and employees, namely affective, continuance and normative commitment.

### **Affective Commitment**

Affective commitment is the kind of commitment that cause workers to become closer to organization emotionally and feel them happy becuase of being part of organization (Wiener, 1982, p.423-424). According to Meyer & Allen affective commitment reflects the worker's depictiablity of himself inside organization and participation to the organization. Affective commitment is workers' identification with organization's interior activities and stickness to these activities. In other words workers' acceptance of organization as a part of their family and loyalty to the organization (Bobbie, 2007, p.12).

Affective commitment is achieved when individual and organizational values congruited resulting hppiness of workers. Workers emotional commitment establishes when they observe personal and organiational values matching (Wiener, 1982, p.423-424). A worker having emotional commitment becomes very happy for being inside the organization and do not think leave from organization as a result of feeling a part of organization (Meyer & Herscowitch, 2001).

### **Continuance Commitment**

Continuance Commitment is worker's continue to organization membership and commitment because of personnal expectations and profits. As it is called rational continuance in literature, it is awereness of worker for the cost of leaving from organization (Chen & Francesco, 2003).

It is based on profit between worker and organization. It is the need of staying in organization after assesing/measuring of his/her investment to organization (Bergman, 2006, p.646). In other words, it is the possible loss of material that force worker to stay in organization. In that sense worker thinks that leaving from organization will pay much to himself/herself. Some of them prefer to stay in organization because of not to find

new work or lack of qualification. And some think there's no alternative because of personal or family problems (Ölçüm, 2004, p.95).

Continuance commitment can be describe as workers' belief about cost of leave from organization will be high for them. As for the other reasons, workers stay on the organization because of some social, physiologic and economic reasons such as; fear not to find a better job, unwillingness to leave from friends, unwillingness to move in a new place, family issues, money loss etc. (Allen & Griffey, 2001).

### **Normative Commitment**

Normative Commitment is to prefer to stay on the organizations because of past relations. This commitment is consist of on a compulsory basis. Worker's feelings are because of the trainings or good relations is the cause of this commitment (Ünler, 2006, p.96). In other words since worker beliefs that to stay in the organization is some kind of responsibility, this commitment is different from other two. Normative commitment is effected by organizational culture, age, education, serving period (Dordevic, 2004, p.112).

As a conclusion, affective commitment is come out because person want, continuance commitment come out because profit requires it, and normative commitment come out because of ethic and moral issues (Wasti, 2002).

### **Application and Research:**

#### **Aim, Constrains, Questionnaires.**

Aim of this research is to understand the relations between organizational commitment and demographic factors in the sample group which is chosen from banking sector in İstanbul. Sample chosen from İstanbul since it is a good indicator for finance and banking sector in Turkey. Since it is too difficult to cover all banks in İstanbul, research limited with two commercial banks.

Questionnaire form is sent to the participants via e-mail. 210 of 400 questionnaire is returned. After assessing returning questionnaires it is observed that 10 are not appropriate. So 200 questionnaire are analyzed. Returning percentage of questionnaire is 52,5%. According to Aaker, Kumar & Day, in a input collecting process, if questionnaire sent via e-mail and results are not followed, then returning percentage is less than 20%. So returning percentage for this research is enough.

Questionnaire consist of two parts. In first part questions for demographic factors (age, gender, education level, experience and time spent in the last job) are included. In the second part Meyer & Allen Organizational Commitment Questionnaire (OCQ) is used. In this part questions belong to OCQ's three components (Affective Commitment, Continuance Commitment and Normative Commitment) are included. Scale is

designed according to Likert-type scale. The format of five-level Likert item as follows: “1: Strongly disagree”, “2: Disagree”, “3: Neither agree nor disagree”, “4: Agree”, “5: Strongly agree”. Data analyzed with SPSS 17.0. Descriptive statistical methods (number, percentage, mean, standard deviation) are used. For hypothesis tests T-Test and One-WAY Anova test are used. Findings are analyzed in 95% confidence interval and 0,05 significance level.

**Model and Hypothesis**

In order to assess research’s results, 5 hypothesis are established:

- H-1: There is positive correlation between age and organizational commitment.
- H-2: There is no relation between gender and organizational commitment.
- H-3: There is negative correlation between education and organizational commitment.
- H-4: There is positive correlation between work experience and organizational commitment.
- H-5: There is positive correlation between time spent in latest work and organizational commitment.

**Findings For Demographic Factors**

Age	Frequency	Ratio (%)
20-25	35	17,5
26-30	61	30,5
31-35	48	24,0
36-40	26	13,0
41 +	30	15,0
Total	200	100,0

*Table 1. Distribution According to Age*

According to Table 1, 54,5% of sample group’s age are between 26-35.

Gender	Frequency	Ratio (%)
Male	126	63,0
Female	74	37,0
Total	200	100,0

*Table 2. Distrubition According to Gender*

According to Table 2, most of the participants (63,0%) are male.

Education	Frequency	Ratio (%)
High School	22	11,0
Univesity	131	65,5
Bachelor	47	23,5
Total	200	100,0

*Table 3. Distrubition According to Education*

According to Table 3, 22 (11,0%) of sample group is educated from high school, while 131(65,5%) from university and 47 (23,5%) are bachelor degree.

Job Experience (Year)	Frequency	Ratio (%)
1-5 year	84	42,0
6-10 year	47	23,5
11-15 year	35	17,5
16 year +	34	17,0
Total	200	100,0

*Table 4. Distrubition According to Job Experience*

According to Table 4, it is noticeable that 65,5% of sample group are have job experience until 10 years.

Period in Last Job (year)	Frequency	Ratio (%)
1-3	95	47,5
4-5	43	21,5
6-7	23	11,5
8 +	39	19,5
Total	200	100,0

*Table 5. Distrubition According to Period in Last Job*

Distribution According to Period in Last Job is shown in Table 5.

Type of Commitment	N	Mean	S.s	Min.	Max.
Affective Commitment	200	3,452	0,951	1,000	5,000
Continuance Commitment	200	3,031	0,557	1,667	4,333
Normative Commitment	200	3,226	0,761	1,000	5,000

Table 6. Organizational Commitment Means

Organizational Commitment Means of sample group shown in Table 6.

### Relations Between Organizational Commitment and Demographic Variables

Type of Commitment	Group (age)	N	Mean	Ss	F	P
Affective Commitment	20-25	35	3,195	0,980	2,087	0,084
	26-30	61	3,372	0,901		
	31-35	48	3,417	1,030		
	36-40	26	3,647	0,861		
	41 +	30	3,800	0,887		
Continuance Commitment	20-25	35	3,052	0,557	3,480	0,009
	26-30	61	2,839	0,616		
	31-35	48	3,063	0,536		
	36-40	26	3,135	0,499		
	41 +	30	3,256	0,396		
Normative Commitment	20-25	35	3,011	0,827	1,454	0,218
	26-30	61	3,193	0,733		
	31-35	48	3,229	0,783		
	36-40	26	3,438	0,720		
	41 +	30	3,353	0,710		

Table 7. Relations Between Organizational Commitment and Age

In order to find if there is relation between organizational commitment and age, one sided variance analyse (Anova) is made. According to results:

- There is no relation between Affective Commitment and age ( $F=2,087$ ;  $p=0,084 > 0,05$ ).
- There is relation between Continuance Commitment and age ( $F=3,480$ ;  $p=0,009 < 0,05$ ). According to results of *complemental* post-hoc analyses made for

to find the reasons for differentiations, it is found that continuance commitment of 26-30 age group is less than the age group more than 41 years old.

- There is no relation between Normative Commitment and age ( $F=1,454$ ;  $p=0,218>0,05$ ).

*So hypothesis H-1 is partially accepted.*

Type of Commitment	Group	N	Mean	Ss	t	P
Affective Commitment	Male	126	3,427	0,943	-0,473	0,637
	Female	74	3,493	0,969		
Continuance Commitment	Male	126	3,020	0,571	-0,364	0,717
	Female	74	3,050	0,534		
Normative Commitment	Male	126	3,216	0,773	-0,245	0,807
	Female	74	3,243	0,746		

*Table 8. Relations Between Organizational Commitment and Gender*

According to t-test in order to define if there is relation between organizational commitment and gender, it is found that there is no relation (Table 8) (Affective Commitment ( $t=-0,473$ ;  $p=0,637>0,05$ ), Continuance Commitment ( $t=-0,364$ ;  $p=0,717>0,05$ ), Normative Commitment ( $t=-0,245$ ;  $p=0,807>0,05$ )).

*So hypothesis H-2 is denied.*

Type of Commitment	Group	N	Mean	Ss	F	P
Affective Commitment	High school	22	3,258	0,762	0,884	0,415
	University	131	3,439	0,941		
	Bachelor	47	3,578	1,054		
Continuance Commitment	High school	22	3,136	0,513	0,571	0,566
	University	131	3,005	0,574		
	Bachelor	47	3,053	0,531		
Normative Commitment	High school	22	3,518	0,613	1,971	0,142
	University	131	3,173	0,726		
	Bachelor	47	3,238	0,892		

*Table 9. Relations Between Organizational Commitment and Education*

According to one sided variance analyse (Anova) in order to define if there is relation between organizational commitment and education, it is found that there is no relation

(Table 8) (Affective Commitment ( $F=0,884$ ;  $p=0,415>0,05$ ), Continuance Commitment ( $F=0,571$ ;  $p=0,566>0,05$ ), Normative Commitment ( $F=1,971$ ;  $p=0,142>0,05$ )).

So hypotheis H-3 is denied.

Type of Commitment	Grup	N	Mean	Ss	F	P
Affective Commitmen	1-5 years	84	3,347	0,911	3,750	0,012
	6-10 years	47	3,245	1,064		
	11-15 years	35	3,557	0,837		
	16 years and above	34	3,887	0,876		
Continuance Commitment	1-5 years	84	2,885	0,604	4,740	0,003
	6-10 years	47	3,057	0,476		
	11-15 years	35	3,100	0,560		
	16 years and above	34	3,284	0,431		
Normative Commitment	1-5 years	84	3,131	0,752	1,248	0,293
	6-10 years	47	3,264	0,766		
	11-15 years	35	3,211	0,829		
	16 years and above	34	3,424	0,692		

Table 10. Relations Between Organizational Commitment and Job Experience

According to one sided variance an analyse (Anova) in order to define if there is relation between organizational commitment and education, it is found that there is relation between two variables. Results are:

- There is relation between Affective Commitment and job experience ( $F=3,750$ ;  $p=0,012<0,05$ ). According to results of complemental post-hoc analyses made for to find the reasons for differentiations, it is found that person having 1-5 and 6-10 years of experience has less Affective Commitment than 16+ years experienced group.
- There is relation between Continuance Commitment and job experience ( $F=4,740$ ;  $p=0,003<0,05$ ). According to results of complemental post-hoc analyses made for to find the reasons for differentiations, it is found that person having 1-5 years of experience has less Continuance Commitment than 16+ years experienced group.
- There is no relation between Normative Commitment and job experience ( $F=1,248$ ;  $p=0,293>0,05$ ).

So hypothesis H-4 is partially accepted.

Type of Commitment	Group (year)	N	Mean	Ss	F	P
Affective Commitment	1-3	95	3,305	0,955	3,459	0,017
	4-5	43	3,318	0,846		
	6-7	23	3,783	1,177		
	8 +	39	3,761	0,807		
Continuance Commitment	1-3	95	2,898	0,578	5,431	0,001
	4-5	43	3,019	0,570		
	6-7	23	3,152	0,392		
	8 +	39	3,295	0,475		
Normative Commitment	1-3	95	3,055	0,772	3,524	0,016
	4-5	43	3,298	0,776		
	6-7	23	3,487	0,721		
	8 +	39	3,410	0,662		

*Table 11. Relations Between Organizational Commitment and Period in Last Job*

According to one sided variance analyse (Anova) in order to define if there is relation between organizational commitment and period in last job, it is found that there is relation between two variables. Results are:

- There is relation between Affective Commitment and period in last job ( $F=3,459$ ;  $p=0,017<0,05$ ). According to results of complementary post-hoc analyses made for to find the reasons for differentiations, it is found that person worked in the last job (current job) 1-3 years has less Affective Commitment than the person having 6-7 and 8 + years. Additionally person worked in the last job 4-5 years has less Affective Commitment than the person 8 + years.
- There is relation between Continuance Commitment and period in last job ( $F=5,431$ ;  $p=0,001<0,05$ ). According to results of complementary post-hoc analyses made for to find the reasons for differentiations, it is found that person worked in the last job (current job) 1-3 years has less Affective Commitment than the person having 8 + years.
- There is relation between Normative Commitment and period in last job ( $F=3,524$ ;  $p=0,016<0,05$ ). According to results of complementary post-hoc analyses made for to find the reasons for differentiations, it is found that person worked in the last job (current job) 1-3 years has less Affective Commitment than the person having 6-7 and 8 + years.

*So hypothesis H-5 is accepted.*

## Results and Conclusions

In this research, it is tried to find an answer to question if organizational commitment differentiate according to demographic factors. According to researchs, labor force turnover ratio is related with organizational commitment. Since banking sector is known for high labor force turnover ratio, this research is important.

More than half of the sample group is 26-35 age group. Relatively young age could effect organizational commitment negatively.

63% of sample group is male while 37% is female. Percentge is reasonable according to Turkish standarts.

High percentage of education level is congruent with the perception about banking sector have high education level.

Analyses made for if organizational commitment differentiate according to demographic factors, results are:

- It is found that continuance commitment of 26-30 age group is less than 41 + group. It can be say that when the age increase, commitment based on *materialistic* expectations increase. Since responsibilities increase with age, this result is an expected conclusion.
- According to analysis for gender and education level, it could not be found any relation between any of commitment type. This result is accordance with literature.
- According to analysis for job experience, relation found between affective and continuance commitment. Affective commitment of workers having experience until 10 years is less than workers having experience 16 + years and more. And continuance commitment of workers having experience until 5 years is less than workers having experience 16 years and more. As a conclusion it can be said that workers having experience 16 years and more, related with their age, are more committed to organization by emotionally and materialisticly and have high degree of belonging.
- It is found that all three components of organizational commitment are higher for the workers having stayed last (current) job 8 years and more. This shows that when the working period increases in the company, commitment increase as well.

According to the results gained, recommendations as follows:

While most of the results are compatible with literature little is not. But it should not be disregard that research made only two commercial bank in İstanbul because of

time and material constrains. So researches that will cover more banks and all around the country can be more fruitful.

Research can give some clues in order to decrease labor force turnover ratio.

Lastly, institutionalization degree of the bank can effect the results. So with the researches in different banks, different results can be gained.

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