

# Executive Employees' Commitment in Selected New Generation Private Banks in Punjab: A Comparative Study

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## Abstract

This study aims to look for the level of organisational commitment among executive level employees in selected new generation private sector banks in Punjab. Through this paper researcher has tried to compare the level of organisational commitment of the executive employees towards their employer organization under study. The Organisational Commitment was compared in all three forms (Affective Commitment, Normative Commitment and Continuance Commitment). It has been observed that the level of organisational commitment of executive employees in the selected new generation private sector banks under study is significantly different. The techniques like means, standard deviations and ANOVA were used to reach the pertinent results. In addition, the relationship between levels of income of executive employees and their levels of Organisational commitment has also been tried to identify. A slightly positive relation could be seen between the two.

**Keywords:** Organisational Commitment, Private Sector Banks, Executive Employees, Affective Commitment, Normative Commitment, Continuance Commitment

## Introduction

Organizational Commitment is the degree to which a worker identifies with the organization and wants to continue actively participating in it. Organisational commitment is like a strong magnetic force attracting metallic objects keeps the employees stayed with their organizations for longer durations. It measures the employee's willingness to remain with a firm in the future. At present, when Banking sector have been exposed to highly competitive environment supplemented with problems such as high NPA rate, High Labour-Mobility, employees' commitment towards the organization definitely carries high impact. It has been observed that the organizations having high commitment from their employees get benefited on account of team building, team motivation, which are indispensable for the success of the business. Through this paper, Researcher has tried to know the level of organizational commitment among executive level employees in major new generation private sector banks in Punjab. The Researchers also worked to know that is there any difference in these banks as far as Organisational Commitment is concerned.

**New Generation Private Banks:** The private banks which came into existence after the financial and banking sector reforms have been adopted by the government of India. All the banks under this category



got registered and commenced their operations after 1991. Emergence of these banks has reshaped the Indian Banking sector and resulted in a better quality of service to their customers and a basket of diversified services making this industry as one of the fastest growing and highly innovative service providing Industries.

The success of a service Industry largely depends upon the Commitment of Human capital hired and engaged by it. In the present scenario the successful organizations will be those who have more committed workforce providing the organizations a competitive edge over their competitors.

**Review of Literature:** Kassahun Tilaye (2005), revealed a significant difference in perceptions of Indian employees' commitment towards their organizations and the same was reflected as overwhelming majority having moderate level of commitment, Second majority has high level of Commitment and very few number of employees have low level of Commitment towards organizational goals. McKenna Steve (2005), used qualitative data from 20 managers of Singaporean business houses in service sector and found continuance commitment as negative for their organization. The study suggested for owner/manager style may have an important impact on managers' commitment. Sikorska-Simmons Elzbieta (2005), revealed that the organization culture, job satisfaction and education are strong predictors of organizational commitment. Sanne G.A. et al (2005), in their study on Dutch university employees, revealed that decentralization, participation, social interactions, and laissez-faire management are important HRM practices for affecting academics' organizational commitment. Swailes Stephen (2004) is of the opinion that organizational commitment is a desired outcome of human resource management strategies given its links to positive attitudes and behavior in the pursuit of change. Cooper Amy Rachelle (2002), was of the opinion that there was no evidence of a significant positive relationship between organizational commitment and union commitment. In fact, the only significant relationship was negative between organizational commitment and belief in unionism. Jacqueline et al (2002), inferred that the ability of profit sharing to increase organisational performance via positive changes in employee attitudes has yielded mixed results. Favorable perceptions of profit sharing served to increase organisational commitment while only organisational reciprocity predicted trust in management. Tansky and Cohen (2001) analysed through an empirical study conducted in major Midwestern hospital to know the relationship between organisational support, employee development, and organisational commitment and found that organisational commitment and perceived

organisational support were significantly correlated with satisfaction with career development. Biswas Urmi Nandan (1998), suggested that the performance, threat and frustration stressors are significant predictors of organizational commitment, whereas none of the stressors predict job involvement. Perception of organizational effectiveness has a high positive correlation with organizational commitment and job involvement. Meyer and Allen (1991) in their study explained three forms organizational commitment i) Affective commitment ii) Continuance commitment and iii) Normative commitment . Allen and Meyer (1990) they found in their study, Institutional tactics tend to associate with higher levels of commitment. Trust and fairness, transparency in affairs and concern for employees are the three main elements affecting the Organisational Commitment among employees Bragg (2002). "In particular, the employees having higher commitment usually have broader base of job knowledge that often helps the organization to translate into permanent customers who purchase more from the organisations, make further referrals resulting in attracting new customers, and even pay a premium price." (Iver and Roy, 1994) "Employees having commitment of effective level use to stay with the organization. This is because they find their personal relationship as congruent to the goals and values of the organization." (Beck & Wilson, 2000) Commitment can result in a stable and productive workforce (Morrow, 1993). Other positive effects of commitment include feelings of affiliation, attachment and citizenship behavior, which tend to improve organizational efficiency and effectiveness (Williams & Anderson, 1991).

**Objectives of the Study:** This study has been undertaken:

To know the level of Organisational Commitment among executive employees of the selected new generation private sector banks in Punjab.

- To compare the level of Organizational Commitment among executive employees of the selected new generation private sector banks in Punjab.
- To know the relationship, if any, among levels of income and the factors of Organisational Commitment of executive employees
- To suggest the means for the improvement in Organisational Commitment among executive employees in selected new generation private banks.

**Hypothesis H1:** The level of organisational commitment is perceived to be similar among the executive level employees in the selected new generation private banks.

**Hypothesis: H2:** Higher levels of incomes lead to higher level of Organisational Commitment.



**Research Methodology:** In the present study, 3 major new generation private banks were selected to conduct the survey vis-a-vis Organizational Commitment of executive employees. The following banks with more than 30 operating branches in Punjab were selected to carry out this survey.

1. Axis Bank      2. HDFC Bank Ltd.      3. Kotak Mahindra Bank Limited

**Research Tools:** A standardized questionnaire containing 30 statements covering various aspects of organisational commitment was used for the purpose of collection of data from respondents. The questionnaire used was the same as used by Meyer and Allen 1991. About 100 executive level employees were approached to fill that questionnaire with one of the 5 options (Strongly Disagree, Disagree, Neutral, Agree and Strongly Agree) as their response. For secondary data research journals, magazines, newspapers and websites etc were explored to present a comprehensive view about the study.

**Analysis of Data:** The collected data through questionnaire

was tabulated for each private bank. And the thirty statements were clubbed into three main factors using factor analysis after calculating eigen values of the variances and co-variances. The factors so formed were (1) Affective Commitment covering statements from 1- 8, (2) Normative Commitment covering statement from 9-22 and (3) Continuance Commitment covering statements 22-30. The responses from the executive employees were put to descriptive Analysis to know the mean values and standard deviations. The data scores were put to Analysis of Variance (ANOVA) with the help of SPSS.

### Factors of Organisational Commitment

The scale used for the purpose of measuring the Organisational Commitment of the Executive employees in the banks under study, was the one developed by Allen & Meyer (1997). Affective, Normative and Continuance Commitment measures were developed to describe Organisational Commitment. The table1 below presents the groupings of statements in the questionnaire into Affective, Normative & Continuance measures of Commitment.

**Table1 Factors of Organisational Commitment**

Sr.	Factors	Statement Number
1.	Affective Commitment	1 – 8
2.	Normative Commitment	9 – 22
3.	Continuance Commitment	23 – 30

The researchers attempted to compare the mean values of the measures of Organisational Commitment between the three new generation private banks. This was done to

present a comparative overview of Organisational Commitment in Banks understudy.

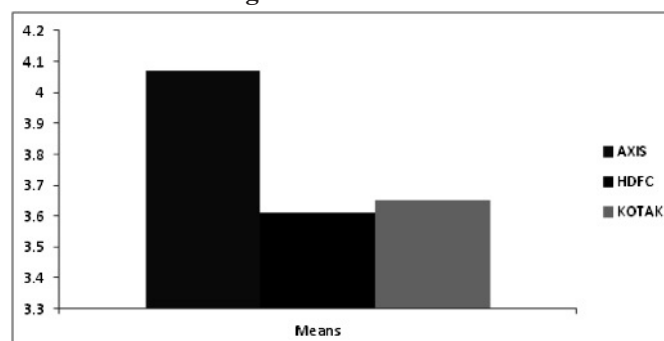
**Table 2 :Comparison of Factors of Organisational Commitment in the Selected New Generation Private Banks.**

	AXIS	HDFC	KOTAK
Affective Commitment	3.72	3.22	3.04
Normative Commitment	4.11	3.57	3.69
Continuance Commitment	4.38	4.05	4.24
<b>Average</b>	<b>4.07</b>	<b>3.61</b>	<b>3.65</b>

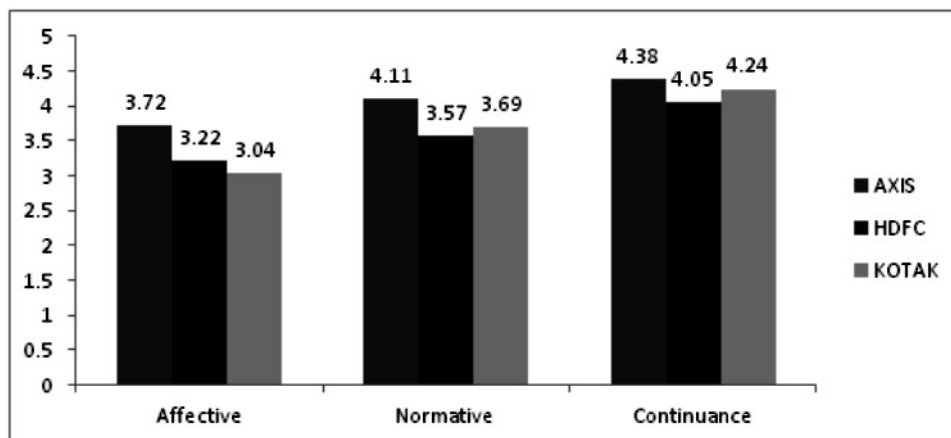
Table 2 above presents averages of the measures of Organisational Commitment in all the three banks under study. It was observed from the table above, that the averages are varying between (4.07) for Axis and (3.61) for HDFC. The inference drawn from here is that

Organisational Commitment is highest in the Axis (4.07) followed by Kotak (3.65), and HDFC (3.61) in descending order. All these mean values are on the higher side of likert scale. Thus, we can conclude that the level of Organisational Commitment is relatively high in all banks.

**Graph1.1 Overall Levels of Organisational Commitment in Banks Understudy**





**Graph 1.2 Factors wise comparisons of Organisational Commitment****Factor-wise comparison of organisational commitment**

**Affective commitment:** The factor Affective Commitment of Organisational Commitment is seen to have a reasonably high mean score, ranging from Axis (3.72) to Kotak (3.04) whereas, HDFC has mean value of 3.22.

**Normative commitment:** The factor, Normative Commitment of Organisational Commitment is seen to have a mean score ranging from Axis (4.11), Kotak (3.69) and HDFC (3.57) in descending order. From this, the researcher gathered that loyalty is important for the

Executive employees in the Banks under study and they feel a sense of moral obligation to remain with the organization.

**Continuance commitment:** For the factor, Continuance Commitment of Organisational Commitment the mean values were in the range of (4.38) Axis to (4.05) HDFC and 4.24 for Kotak Bank on a scale of 1-5. All the values are on the higher side of the likert scale. Thus it is concluded that the level of continuance commitment among executive level employees is the highest.

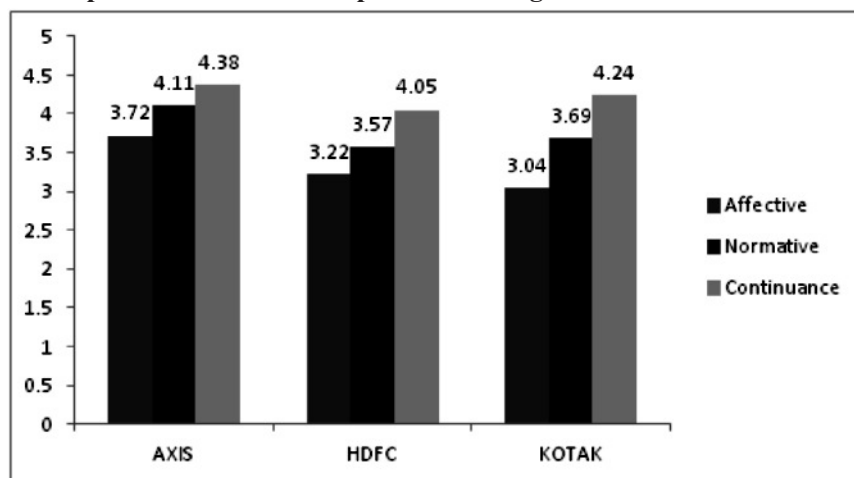
**Graph 1.3 Banks wise comparisons of Organisational Commitment****Bank-Wise Analysis of Factors of Organisational Commitment**

Table 2 and graph 1.3 clearly indicate that For Axis bank, the means were observed to be in the range of 4.38 for Continuance Commitment, 4.11 for Normative Commitment and 3.72 for Affective Commitment. It highlights that all the measures of Organisational Commitment undertaken at Axis are effective.

In HDFC, it is observed that the means of measures of Organisational Commitment are 4.05 for Continuance Commitment, 3.57 for Normative Commitment and 3.22 for Affective Commitment. These values are on the higher side of the Likert scale (1-5). It is, thus, inferred that the level of Organisational Commitment at HDFC is reasonably high.



In KOTAK, it is observed that the means of various measures of Organisational Commitment are 4.24 for Continuance Commitment, 3.69 for Normative Commitment and 3.04 for Affective Commitment. It is, thus, inferred that the level of Organisational Commitment at KOTAK is not very high.

#### Analysis of Variance (ANOVA) of Factors of Organisational Commitment in Selected New

**Table3 : ANOVA of Factor Affective Commitment' of Organisational Commitment in Selected Private Banks**

Sources of Variation	Sum of squares	Degree of Freedom	Mean Square	F-Value	Significance (0.05)
Between Groups	19.58	5	3.916	6.554	0
Within Groups	125.483	94	0.598		
Total	145.063	99			

#### Hypothesis:

$H_0 : X_A = X_H = X_K$  ;  $H_0$  accepted, when probability is 0.05

$H_1 : X_A \neq X_H \neq X_K$  ;  $H_1$  accepted, when probability is < 0.05

Where,  $X_A$ ,  $X_H$  and  $X_K$  are the Means of Affective Commitment of Organisational Commitment at Axis, HDFC and Kotak

As per the results of Table 3, the probability is (zero) which

#### Generation Private Banks Understudy

The researcher further tested for the significance of the difference among the sample means through an Analysis of Variance (ANOVA). This is done by F-test for testing the significance of the difference of one measure in all six Banks understudy. The results of the analysis through this test using SPSS have been explained below:

is less than 0.05, therefore at 5% level of significance alternate hypothesis is accepted. The inference is that the averages of the measure i.e. Affective Commitment for these six Banks understudy are significantly different. This difference is not by sampling or chance. Hence, from the above analysis it is inferred, that in all the six Banks understudy the Affective Commitment measure of Organisational Commitment is not the same.

**Table 4 : ANOVA of Factor 'Normative Commitment' of Organisational Commitment in Selected Private Banks**

Sources of Variation	Sum of squares	Degree of Freedom	Mean Square	F-Value	Significance (0.05)
Between Groups	11.596	5	2.319	7.152	0
Within Groups	68.096	94	0.324		
Total	79.691	99			

#### Hypothesis:

$H_0 : X_A = X_H = X_K$  ;  $H_0$  accepted, when probability is 0.05

$H_1 : X_A \neq X_H \neq X_K$  ;  $H_1$  accepted, when probability is < 0.05

Where,  $X_A$ ,  $X_H$  and  $X_K$  are the Means of Affective Commitment of Organisational Commitment at Axis, HDFC and Kotak

According to the results of table 4 for Normative

Commitment, the probability is (zero) which is less than 0.05 at 5% level of significance. Thus, the alternate hypothesis is accepted. The researcher infers that the averages of measure i.e. Normative Commitment for the Banks under study are significantly different & this difference is not by sampling or chance. Hence, we can say that in all three banks under study Normative Commitment of Organisational Commitment is not the same.

**Table 5 : Analysis of Variance (ANOVA) of Factor Continuance Commitment of Organisational Commitment in Selected Banks**

Sources of Variation	Sum of squares	Degree of Freedom	Mean Square	F-Value	Significance (0.05)
Between Groups	10.144	5	2.029	4.103	0.001
Within Groups	103.832	94	0.494		
Total	113.976	99			



**Hypothesis:**

$H_0 : X_A = X_H = X_K$ ;  $H_0$  accepted, when probability is 0.05

$H_1 : X_A \neq X_H \neq X_K$ ;  $H_1$  accepted, when probability is  $< 0.05$

Where,  $X_A$ ,  $X_H$  and  $X_K$  are the Means of Affective Commitment of Organisational Commitment at Axis, HDFC and Kotak

For Continuance Commitment measure, the probability is (zero) less than 0.05, therefore, alternate hypothesis is accepted at 5% level of significance. From this, the researcher infers that the averages of this measure i.e. Continuance Commitment is significantly different in the Banks understudy. This difference is not due to chance or sampling. Thus, we can say that this factor is not same in all the six units understudy.

The researcher inferred from the preceding Analysis of

Variance (ANOVA) of Organisational Commitment measures like Affective Commitment, Normative Commitment and Continuance Commitment in all three banks under study that they are significantly different at 5% level of Significance. Hence, we draw the inference that the Executive employees perceived the level of Organisational Commitment in all three banks understudy as different. Thus Hypothesis  $H_1$  is established as rejected.

In order to determine the relation between the level of incomes of executive employees of the selected private banks and their levels of Organisational Commitment, The Pearson's coefficient of correlations was calculated and found that there had been positive correlation between the level of incomes and the levels of organisational Commitment.

**Table 6 : Correlation between Income Levels and Factors of Organisational Commitment**

	3-5 lakh	5-10 lakh	>10 lakh	AC	NC	CC
3-5 lakh	1	.599**	.406**	.196**	.123**	.160**
5-10 lakh		1	.515**	.183**	.138**	.111**
>10 lakh			1	.126**	.102**	.156**
AC				1	.227**	.204**
NC					1	.286**
CC						1

\*\*Correlation is significant at the 0.01 level (2-tailed).

From the results of the table 6 it is concluded that level of incomes has positive relation with the level of organisational commitment among executive level employees in selected new generation private banks. But the correlation is not high positive. As the level of income gets higher the results of correlation do not improve. So, it may be one of the factors slightly affecting the levels of organisational commitment but not the only factor to affect the organisational commitment of the executive employees in the banks understudy. Thus the hypothesis  $H_2$  is also established as rejected that higher levels of incomes increases the level of organisational commitment.

**Conclusion:** To study the Organisational Commitment of the Executive employees, a scale developed by Allen & Meyer (1997) was used. The measures developed to describe Organisational Commitment of the employees were Affective, Normative and Continuance Commitment. It was drawn from the study that Executive employees of Axis bank had highest measure of Affective, Normative and Continuance Commitment. Hence, overall Organisational Commitment was highest amongst the employees of Axis bank followed by KOTAK and HDFC.

The researcher, thus, tested for the significance of the difference among the sample means using Analysis of Variance (ANOVA). The observation was that the level of Organisational Commitment in all three Banks under study was significantly different

The managements of these banks are suggested to bring the element of Job security and and environment of trust among the employees of the banks to improve the level of organisational commitment among them. Although the results showed better results for all the factors of organisational commitment yet the ground reality is bit different. The same is visible from the high attrition rate in these banks. The pay packages have been found satisfactory and adequate at the top and middle levels but it needs to be upgraded at junior levels and for the fresher.

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