

## **Employee Commitment toward Organization and their Career during the Merger of Bishwa Bikas Bank and Fewa Finance**

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### **Abstract**

*Change is indispensable for the survival of the firm. Managing change become more challenging when it includes massive human involvement. This research paper aims to investigate employee commitment towards organization and own career during the merger. For this hypothesis were set to test under some constraints. The study applied empirical approach in which a survey questionnaire was used to collect quantitative data and other statistical techniques like Chi square test, Pearson correlation was applied and conclude that there is no effect of age factor in the determination of employee commitment towards the organization. Moreover the employee commitment towards their career has relative influence to employee commitment towards organization.*

### **Key Words**

Career, change, commitment, employee(s), organization

### **Introduction**

Commitment is defined as one's motivation to work in a particular vocation or as an act of commitment to trust or pledge to something or someone (Hall, 1976). The concept of commitment has widely been used to find out individual attitudes and behaviors in the workplace. Over the past three decades commitment has been dominated in the literature as behavior and used in terms of careers, organizations, norms, identification, morals, work, jobs, and job involvement (Reilly and Orsak, 1991). In organization and social fields the term is recognized as a predictor of much behavior including absenteeism, turnover, job satisfaction, employee readiness and

organizational citizenship behavior. From a behavioral aspect the main focus is on employee turnover (Bartol, 1979; 1991; Park and Kim, 2009), absenteeism (Gellatly, 1995; Sagie, 1998) and organizational citizenship behavior (Mathiew and Zajak, 1990).

It is important to note that commitment and organizational change became antecedents of each other thus further research in the area is warranted (Coleman, Irving & Cooper, 1999; Madsen, Miller & John, 2005). In organizational change, employee of an organization can create new sets of expectations to meet changing situations, attitudes and behaviors that are outcomes of a process in which individual compare realities and expectations. Employee commitment is attitudes and behaviors to the organization because of privileges like fringe benefits, salary, tenure, promotion, employee identity. Employees who receive encouragement and rewards for change are more likely to act voluntarily in support of organizational change goals contributing to overall organizational effectiveness (Organ, 1988; Vanyperen& Vandenberg, 1999).

### **Employee Commitment toward Organization**

Organizational commitment is widely described as a key factor in the relationship between individuals and organizations (Sharma & Bajpai, 2010). Mowday et al. (1982) conceive commitment as an attitude reflecting the nature and quality of the linkage between an employee and an organization. It is an individual's identification with a particular organization and its goals to maintain membership in order to attain these goals.

There are three factors of organizational commitment: (1) a strong belief in an organization's goals and values, (2) a willingness to exert considerable effort for the organization, and (3) a strong desire to maintain membership in the organization (Porter, Steers, Mowday & Boulian, 1974). Organizational commitment is the relative strength of an individual's identification and involvement in a particular organization (Porter, Crampon & Smith, 1976; Steer, 1977)

It is multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to

maintain membership. It refers to an employee's willingness to exert extra effort within the organization (Batemen&Strasser, 1984). It is a feeling of dedication to one's employing organization, willingness to work hard for that employer, and the intent to remain with that organization (Meyer & Allen, 1988).

### **Employee Commitment towards Career**

A career is an evolving sequence of a person's work experiences over time. It relates to the individual's perceived sequence of vocation, occupation or profession that person occupies over time (Hall, 1976; Solomon, Bishop & Dresser, 1986). It can be characterized by the development of personal career goals and the individual's attachment to, identification with and involvement in those goals (Colarelli and Bishop, 1990).

A career involves tradeoffs between security and risk and between individual success and family, and peoples' career behavior may interact with culture. The literature shows that employee attachment, identification and involvement depend upon extrinsic and intrinsic outcomes such as pay, promotion, appraisal, and satisfaction that can refer to one's motivation to work in a chosen vocation (Hall, 1971). According to Poon (2004) career commitment is predicated on objective career success in form of salary level and subjective career success in the form of career satisfaction. Most of the research has focused on individual factors that influence career commitment such as job involvement and organizational commitment (Blau, 1985; McGinnis and Morrow, 1990); situational factors (organizational uncertainty, fear of job loss and job fit) used by Goulet and Singh (2002) along with organizational commitment, job satisfaction and involvement because the economic and organizational situation (downsizing and restructuring) may have an impact on career commitment (Hall and Associates, 1986). Thus career commitment is reflected by individual and situational factors which affect career motivation or construct behavior (London, 1983). These two factors examined by Goulet and Singh (2002) consist of job involvement, organizational commitment, need for achievement, work ethic and job satisfaction for the individual and fear of losing the job and job fit as the situational factor.

Nepalese Banking sector is facing a huge problem and is in critical juncture. So, in order to cope with this problem NRB has directed the banking institutions to go in the process of mergers and acquisitions (Kafle, 2013). With the direction of NRB many banks and FIs have merged together and most of them are in pipeline for this process. The major objective of this research work is to identify the level of employee commitment toward organization and their own career. The research paper tries to acquire the answer of the following questions:

- What is the relationship between the age group of employee and commitment towards the organization?
- What is the significance of educational level to the employee commitment towards career?

The hypothesis of the study was;

H1: There is no significant difference between age group and employee commitment towards organization.

H2: There is no correlation between employee commitment towards career and employee commitment towards organization.

### **Data and Methods**

This study was conducted in FewaBikas Bank where all the staffs from head office and its branches are included. The total population number of staff presently working in the bank is 229 after the merge. Before the merge there were 112 employees at BBBank with 14 branches and 117 employees at FFinance with its 16 branches.

These banks were selected due to the easiness because their head office is located in Pokhara. For this empirical study, a random sampling has been done from the staffs of FewaBikas Bank (formed after the merger of BBBank and FFinance Co. Ltd). The targeted participants of the main survey were the staff of the FewaBikas Bank which is formed after the merger of BBBank and FFinance Co. Ltd. 50-50% of total number of population of both the institutions was taken as a sample size. Non probability accidental sampling technique was used for selecting samples.

Survey research design was used for collecting the first hand data. The procedure adopted for this research follows a quantitative approach

(descriptive research design) has been used to determine the relationship among the variables. The major source of data and information used for this study is primary sources. The data are collected through survey questionnaire method. Meanwhile, the secondary data have been obtained through the related websites, report, journals, articles, magazines and others.

Data are collected through survey questionnaire. Questionnaires along with the covering letter were sent to the staff through the email and personal visit. Email addresses of the staff were obtained from the IT Head of the institution. All the questionnaires were closed ended. Demographic information's were collected using nominal question method with number of options to choose. Statements that measure the respondent's perceptions were developed using a five points Likert scale. A Likert scale was chosen because respondents can explicitly understand it and scale discriminates well between perceptions respondents; their degree of agreement or disagreement.

Based on quantitative data, both descriptive and exploratory analysis was done using the IBM SPSS Statistics version 21 for the preparation of this article. Frequencies, means and standard deviations as descriptive analyses were used to describe the samples (demographics) and general results. Beside this, the Cronbach's alpha coefficient (to determine the internal consistency), Kurtosis and Skewness, Chi- Square Test and Pearson Correlation techniques were used for the further data analysis. Normality test of major variables (ECO, ECC, SRW, EA and JI) were done in order to determine whether the data collected were normally distributed or not. Kurtosis and Skewness, K-S and S-W tools were used for the determination of parametric and non-parametric data. Meanwhile, Cronbach's alpha coefficient of major variables was computed in order to determine the internal consistency and reliability among the items within the each variable.

## **Results and Discussion**

The data collected from the sample are presented in the following table followed by the description of data mentioned in the table.

**Table 1**  
**Selected characteristics of the respondent**

Characteristics	Categories	Frequency	Percentage
Previous Organization	BishwaBikas Bank	25	50
	Fewa Finance Co. Ltd	25	50
Gender	Male	37	74
	Female	13	26
Age	Below 21	1	2
	Below40	45	90
	40 +	4	8
Marital Status	Married	33	66
	Unmarried	17	34
Number of Dependent in 1-2 Family	1-2	10	20.4
	3-4	21	42.9
	5 and above	18	36.7
Highest Education Level	Master's and above	25	51
	Bachelor Degree	19	38.8
	Intermediate Degree	5	10.2
Number of Years Worked in Less than 1 year Previous Post	Less than 1 year	10	20
	1-5 years	30	60
Number of Years Worked in Less than 1 year with Previous Employer	6 years and above	10	20
	Less than 1 year	7	14
	1-5 years	30	60
Present Position at Managerial Level Organization	6 years and above	13	26
	at Managerial Level	4	8.5
	Officer Level	18	38.3
	Assistant Level	23	48.9
	Supportive Level	2	4.3

		Employee Commitment toward	
Position in Organization	Previous Managerial Level	4	8.5
	Officer Level	14	29.8
	Assistant Level	26	55.3
Number of Times Exposed to Organizational Changes	Supportive Level	3	6.4
	First time	37	78.7
	Second time	9	19.1
	More than second time	1	2.1

*Note: Total number of sample was 50 including Missing data.*

*(Source: Field survey, 2016)*

The characteristics such as age, gender, marital status, present employment status, past employment status, higher education level, number of dependents, years in previous position and years with previous employer and the number of times exposed to the changes like merger were asked to the respondents in the questionnaire. Of the total respondents (50%, n=25) were previously employee at BBBank and (50%, n=25) were previously employee at FFinance Co. Ltd. Majority of the participant were male (74% ,n=37)with the age group 21-40 (90%, n=45). The majority of the participant were married (66%, n =33) and the number of dependent mostly lies at 3-4 (42.9%, n=21). About 51% of had more than Master's Degree (n=25) as the highest level of education which is followed by the Bachelor's Degree with 38.8%. Majority of the participants are working as Assistant level at previous position (48.9%, n=23). 60% (n=30) employee worked 1-5 years with the previous employer and likewise 60% (n=30) employee worked 1-5 years in the previous post. Likewise the participants who worked as assistant position at previous organization has the majority (55.3%, n=26). Most of the participants (78.7%, n=37) reported that they were exposed to such kind of the changes like merger, structural change, for the first time.

### **Employee Commitment towards the Organization:**

Employee commitment towards the organization (ECO) is an individual identification, loyalty or involvement which is characterized by beliefs,

willingness, and membership with the organization. ECO scale is used for examining employee reaction to change. The scale was based on instruments developed by John Meyer and Nataile Allen. There were 18 items for measuring the Employee commitment towards the organization.

### Employee Commitment towards Career

Employee commitment towards career scale helps to measure the employee attitude and behaviors regarding his or her organization or work. Employee develops positive attitudes and behaviors towards organization or work through a supportive organizational environment and psychological and financial satisfaction. The scales were based on the instrument used by Naimatulla Shah in his research. It contains 14 items.

### Association between age and CEO

We sampled fifty employee, and evaluated whether ECO of the number of employee who is up to 30 yrs old (f=31) was equal ECO of the number of employee above 30 yrs old (f=19). The data was analyzed using chi square goodness of fit test. The null hypothesis was accepted,  $\chi^2(1) = 1.919, p > .05$ . Extendedly, since the p-value (0.166) is greater than the significance level (0.05), we can accept the null hypothesis. Hence, there is lack of evidence of difference between age and employee commitment towards organization.

**Table 2**  
**Percentage of respondents classified by age according to ECO**

Age	Observed Value	ECO		Total
		1	2	
A	Count	16	15	31
	Percentage	51.61	48.39	100
B	Count	6	13	19
	Percentage	31.58	68.42	100
Total	Count	22	28	50
	Percentage	44	56	100

*Note: A= age group less than 30 yrs, B= age group from 31 and above ECO1= 2.39-3.17, ECO2=3.18-4.25 (mean value)*

(Source: field survey, 2016)



### Association between the education level and ECC

Research sampled fifty employee, and evaluated whether ECC of Highest education level holder employee (f=25) was equal ECC of the Bachelor and Intermediate Degree holder employee (f=23). The data was analyzed using chi square goodness of fit test. The null hypothesis was accepted,  $\chi^2 (1) = 0.715$ ,  $p > .05$ . Extendedly, since the  $p$ -value (0.398) is greater than the significance level (0.05), we can accept the null hypothesis. Hence, there is lack of evidence of difference between educational level and Employee commitment towards career.

**Table 3**

#### Observed Value and Expected Value of ECC and Highest Education Level

Highest Education Level	Observed and Expected Value	ECC		Total
		1	2	
A	Count	10	15	25
	Percentage	40	60	100
B	Count	12	11	23
	Percentage	52.17	47.83	100
Total	Count	22	26	48
	Expected Count	45.83	54.17	100

*Note: The mean value of ECC is categorized into 1=2.50-3.62 and 2= 3.63-4.50*

*Highest Educational Level: A=PhD and Masters' Degree and B=Bachelor and Intermediate Degree*

### Conclusion

There is no significant difference between age group and employee commitment towards organization, so Null hypothesis is accepted. The analysis showed that there is lack of evidence of difference between age and employee commitment towards organization. It means that there is no effect of age factor in determining the employee commitment towards the organization.

There is lack of evidence of difference between educational level and Employee commitment towards career. It means there is no effect of highest education level of the employee in determining the employee commitment towards career.

## Acknowledgment

I would like to thank respected Professor Vikash Kumar KC. for stimulating me continuously for the preparation of research paper and for his immense support in reviewing this paper. Along with this I wish to extend my sincere thanks to JRCC, JMC for proving such great opportunity.

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