

# Organizational Commitment of Female Employees of Nepalese Financial Institutions

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## ABSTRACT

*This paper examines the organizational commitment of female employees of Nepalese Financial Institutions (NFIs) and analyzes the factors affecting the organizational commitment. A structured questionnaire has been distributed to the female employees of NFIs. Financial Institutions have been stratified into three strata namely commercial bank, development bank and finance companies situated at Lekhnath municipality and Pokhara sub-metropolitan city. Stratified random sampling method has been applied for sampling. The sample size for this study is 122. The paper employs 18 statement questionnaire developed by Mowday, Steers, and Porter as measure of organizational commitment (OC) which is used as the dependent variable in the study. Additionally, communication, career development and role of employee, working condition, recognition and reward, role of immediate supervisor and training program as factors of job satisfaction have been considered as independent variables. Descriptive analysis has been used to find frequency, mean, and percentage. Statistical tools like correlation, independent sample t test, ANOVA, and multiple regression analysis have been employed. The study reveals that the female employees in NFI are found to have moderate level of organizational commitment. No significant difference is found in the OC level of the employees by marital status, job position, organizational status, educational level, and service year except the age of employee. The organizational commitment of the employees is found to be effected significantly by role of supervisor and training programme of organization. Moreover, for married employees role of supervisor is found to be important factor for organizational commitment while for single employees training programme is found to be more important.*

**Key Words:** Organizational commitment, job satisfaction, Nepalese financial institutions.

## 1. Introduction

In Nepal banking sectors are playing crucial role in the overall economic development of the country. In the past sufficient number of financial institutions had been grown due to the declaration of liberal policy of Nepal Rastra Bank (NRB), the central bank of Nepal. But nowadays NRB has taken different policy of merger to strengthen the financial institutions of Nepal to compete with the global arena. In twenty first century numbers of females are increasing day by day in employment area irrespective of types of organization. In the same way sufficient number of female employees can be seen in banking sector of Nepal. Today's organization should be very careful about job satisfaction, organizational commitment of employees of their organization for their sustainability in the nation. Research indicates that employees who are fully satisfied with different situation and facility given by their organization are more committed to the organization ultimately leading to productivity of organization. So organization needs to identify the situation of employees and factors of job satisfaction that are greatly influencing the level of commitment of the employees.

Organizational commitment (OC) has nowadays been conceptualized in different ways namely affective component, continuance component, and normative component. Allen and Meyer (1990), define affective component of OC as employees' emotional attachment to, identification with, and involvement in the organization. The continuance commitment refers to commitment based on the costs that employees associate with leaving an organization. The normative commitment refers to employees' feelings of obligation to remain with the organization. Sheldon (1971) defines organization commitment as an attitude or an orientation towards the organization, which links or attracts the identity of the person to the organization.

## 1.1 Literature Review

Mowday, Steers and Porter (1979) considered commitment as an alternative construct to job satisfaction and argued that commitment can sometimes predict turnover better than job satisfaction. Commitment was characterized by three related factors: (1) a strong belief in and acceptance of the organizational goals and value. (2) a willingness to exert considerable effort on behalf of the organization and (3) a strong desire to maintain membership in the organization.

Gorden and Denisi (1995) focused their study on a particular component of job satisfaction and union and non-union members working in the same working environment and found that the dissatisfaction was the result of poor working environment as both the group reported similar level job satisfaction (Artz, 2010)

Thompson and McNamara (1997) reviewed all job satisfaction studies published in Education administration quarterly over the past six years and their study revealed no significant difference between male and female satisfaction level.

According to Ali, Ewan and Duska (2008) variables such as age, gender, work experience years, organizational position, types of employment and salaries received and benefits were seen as having effects on their job satisfaction. They also found that hospital employees are moderately satisfied with their job and committed to their organization.

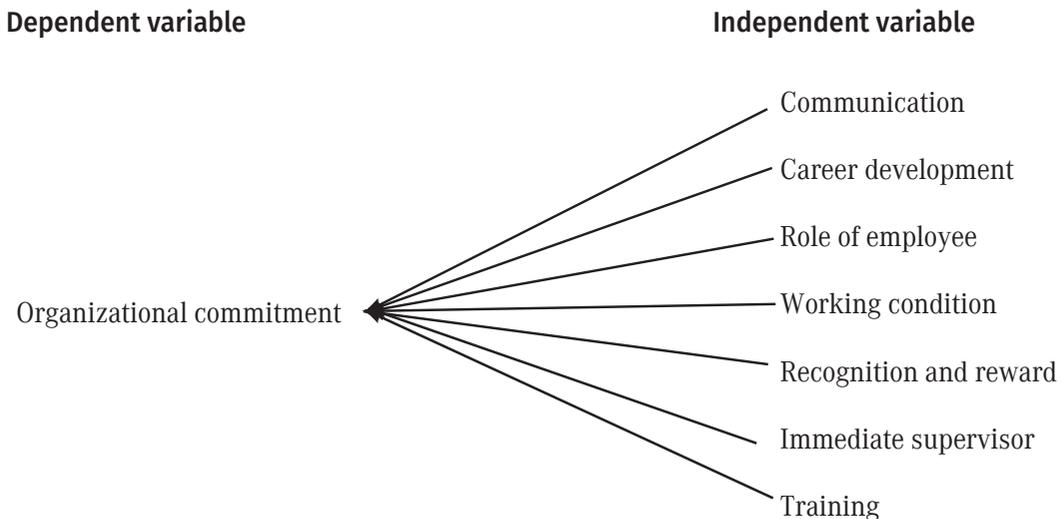
Sowmya, and Panchanatham (2011) studied factor influencing organizational commitment of employees of public and new private sector banks in Chennai (India) and conclude that bank employees are enthusiastic in reflecting their continuance commitment in their work environment to render maximum service to their customers.

Asmani and Mensah (2013) studied the effect of unionization on employees' job satisfaction and organizational commitment in the Cape Coast and Talaradi Metropolis of Ghana and found on the average unionized employees were more satisfied with their job than non-unionized employees. However a test of significance indicated that two groups did not significantly differ in terms of their commitment and job satisfaction.

Park, Christie, and Sype (2014) studied organizational commitment and turnover intention in union and non-union firms and their study revealed that employees in union firms are more committed to the organization than non-union organization, but they have higher intention to job turnover although the regression coefficients of union variable in commitment and turnover intention are not statistically significant at the conventional level of significance.

This study proposes the following conceptual framework.

**Figure 1: Conceptual framework**



## 2. Problems and Objectives

The limitation of this study is less number of sample size because it is confined to a few selected financial institutions which are situated in Pokhara Sub-metropolitan city and Lekhnath municipality. The objectives of the study are : To examine the level of organizational commitment of female employees of Nepalese Financial Institutions, to explore the factors affecting level of organizational commitment of female employees of NFIs, and to analyze the demographic variables influencing organizational commitment of female employees of NFIs.

## 3. Data and Methods

The study is based on primary data collected through well-framed structured questionnaires to elicit the well-considered opinions of the respondents. A total of 150 questionnaires had been distributed of which 122 complete and usable were received, thus sample size of this study is 122. Sample taken for this study is female employees of the Nepalese financial Institutions. Out of which 48 respondents were from commercial banks, 34 from development banks and 40 from finance companies. Stratified random sampling method was used in the study to select the sample. In this study commercial banks situated in Pokhara sub-metropolitan city and Lekhnath municipality are chosen. Nepalese financial institutions have been divided into three strata namely commercial bank, development bank, and finance company. Then after samples from each stratum was taken randomly.

Organizational commitment was measured with Mowday, Steers, and Porter's (1979) eighteen items commitment scale. It was measured on Likert's five points scale ranging from strongly disagree (1) to strongly agree (5). Cronbach's alpha was 0.885.

Multi item variables of job satisfaction was measured on Likert five points scale ranging from strongly disagree (1) to strongly agree (5). Reliability test score for these variables

were communication (five items;  $\alpha = 0.665$ ); career development (four items;  $\alpha = 0.665$ ); role of employees (four items;  $\alpha = 0.618$ ); working condition (six items;  $\alpha = 0.635$ ); recognition and reward (six items;  $\alpha = 0.840$ ); role of supervisor (five items;  $\alpha = 0.919$ ); training program (three items;  $\alpha = 0.826$ ). These alpha values show that measurement are reliable.

The analysis is based on quantitative features. The frequency, percentage, means, ANOVA, independent sample t-test, correlation and multiple regression were employed to analyze the final result of quantitative method. The specification of the multiple regression model used in the study is as given below:

$$OC = \alpha + \beta_1(\text{Com}) + \beta_2(\text{CD}) + \beta_3(\text{RE}) + \beta_4(\text{WC}) + \beta_5(\text{RR}) + \beta_6(\text{RS}) + \beta_7(\text{TP}) + e$$

Where, OC = organizational commitment, Com= communication, CD= career development, RE= role of employee, WC= working condition, RR= recognition and reward, RS= role of supervisor, TP= training programme.

$\alpha$  = constant,  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$  = beta coefficients and  $e$  = error term

#### 4. Discussion and Analysis

**Table 1: Respondents profile**

Variables	Particulars	Frequency	Percent
Marital Status	Married	60	49.18%
	Single	62	50.82%
Age	20-25 years	54	44.26%
	26-30 years	54	44.26%
	31-35 years	8	6.56%
	Over 35 years	6	4.92%
Job Position	Assistant	92	75.40%
	Officer	22	18.04%
	Sr. Officer	6	4.92%
	Manager	2	1.64%
Service Year	Less than one year	10	8.19%
	1-3 years	76	62.29%
	4-8 years	30	24.6%
	9-15 years	6	4.92%
Education	+2 level	8	6.56%
	Bachelor	50	40.98%
	Masters	64	52.46%

*Contd...*

Organizational Status	Commercial Bank	48	39.34%
	Development Bank	34	27.87%
	Finance Company	40	32.79%

**Table 2: Relationship between variable of organizational commitment and job satisfaction**

	V1	V2	V3	V4	V5	V6	V7	V8
V1	1.00							
V2	0.505**	1.00						
V3	0.344**	0.351**	1.00					
V4	0.400**	0.550**	0.292*	1.00				
V5	0.503**	0.387**	0.331**	0.433**	1.00			
V6	0.532**	0.472**	0.473**	0.323*	0.360**	1.00		
V7	0.644**	0.367**	0.400**	0.551**	0.611**	0.583**	1.00	
V8	0.314*	0.142	0.344**	0.078	0.114	0.340**	0.080	1.00

*\*\* and \* means the correlation coefficient is significant at the 0.01 level (2-tailed) and 0.05 level (2-tailed) of significance respectively.*

*The variable representation is: V1= Organizational commitment, V2= organization’s communication, V3= career development, V4= role of employee, V5= working condition of organization, V6= recognition and reward, V7= role of immediate supervisor, and V8= organization’s training programme*

Above Table - 2 shows the data matrix has sufficient correlation to justify the application of regression analysis. Pearson correlation has been used for the study. Test of significance has been done using two-tailed test. The results exhibit that all the seven variables representing measures of job satisfaction are found to have statistically significant correlation with organizational commitment. Moreover, all the variables have positive correlation with organizational commitment. Hence, the findings reveal that the measures of job satisfaction of female employees are positively related with their organizational commitment. Additionally, role of immediate supervisor and organization’s training program have the highest and lowest correlation with organizational commitment respectively.

The variable V1 is found to be significant with V2, V3, V4, V5, V6, and V7 at one percent level of significance and with V8 at five percent level of significance. The variable, V2 is found to be significant with V1, V3, V4, V5, V6, and V7 at one percent level of significance and not significant with V8. Similarly, the variable V3 is found significant with V1, V2, V5, V6, V7, and V8 at one percent level of significance and with V4 at five percent level of significance. V5 is found significant with V1, V2, V3, V4, V6, and V7 at one percent level of significance and not significant with V8. V6 is found significant with V1, V2, V3, V5, V7 and V8 at one percent level of significance and with V4 at five percent level of significance. V7 is found significant with V1, V2, V3, V4, V5, and V6 at one percent level of significance and no significant with V8. V8 is found significant with V3, and V6 at one percent level

of significance and with V1 at five percent level of significance and no significant with V2, V4, V5, and V7.

**Table 3: Organizational commitment by marital status**

	Marital Status	N	Mean	Std. Deviation	t	p-value
Organizational Commitment	Married	60	3.5981	0.56159	-0.470	0.640
	Single	62	3.6595	0.45468	-0.468	

The mean scores of organizational commitment of female employees of NFIs shown in the Table 3 reveals that they have moderate degree of organizational commitment. The result of independent samples t-test reveals that there is no significant difference between level of organizational commitment of married and single employees. However, the values of mean scores indicate that single female employees seem to be more committed (Mean value= 3.6595) than married female employees (Mean value=3.5981).

**Table 4: Output of one-way ANOVA test**

Variables	F-statistics	P value
Education and organizational commitment	0.927	0.402
Service year and organizational commitment	0.635	0.596
Age and organizational commitment	3.373	0.024*
Job position and organizational commitment	0.011	0.998
Organizational status and organizational commitment	1.995	0.145

\* means coefficient is significant at 0.05 level

Table 4 presents the output of One-way ANOVA test used to test for difference in mean scores of organizational commitment by factors education, service year, age, job position and organizational status of the female employees. The ANOVA value (F=0.927) shows that there is no significant difference in the level of organizational commitment of employees with respect to educational level. The results reveal that F-statistics associated with only the factor age is significant. Hence, organizational commitment is found to be significant difference only by age of the female employees. Other factors like education, experience, and job position of female employees seem not to influence their organizational commitment.

The ANOVA value (F=0.635) shows that there is no significant difference in the level of organizational commitment of employees with respect to service year. The ANOVA value (F=3.373) shows that there is significant difference in the level of organizational commitment of employees with respect to age at five percent level. The ANOVA value (F=0.011) shows that there is no significant difference in the level of organizational commitment of employees with respect to job position. The ANOVA value (F=1.995) shows that there is no significant difference in the level of organizational commitment of employees with respect to organization status.

**Table 5: Relationship between organizational commitment and job satisfaction variables**

Variables	Model I	Model II	Model III
Constant	1.374** (3.536) <i>0.001</i>	0.625 (1.120) <i>0.275</i>	1.992** (3.027) <i>0.006</i>
Communication	0.064 (0.706) <i>0.483</i>	-0.004 (-0.032) <i>0.975</i>	0.125 (0.812) <i>0.425</i>
Career Development	-0.37 (-0.412) <i>0.682</i>	-0.032 (-0.264) <i>0.794</i>	-0.104 (-0.613) <i>0.546</i>
Role of employee	-0.002 (-0.024) <i>0.981</i>	0.002 (0.012) <i>0.991</i>	-0.009 (-0.067) <i>0.947</i>
Working condition	0.118 (1.143) <i>0.258</i>	0.310 (1.656) <i>0.112</i>	-0.004 (-0.028) <i>0.978</i>
Recognition and Reward	0.081 (0.949) <i>0.347</i>	0.121 (0.874) <i>0.392</i>	-0.006 (-0.053) <i>0.958</i>
Role of Supervisor	0.275** (2.859) <i>0.006</i>	0.346* (2.286) <i>0.032</i>	0.188 (1.181) <i>0.250</i>
Training Programme	0.140* (2.135) <i>0.037</i>	0.098 (1.0721) <i>0.296</i>	0.311** (3.093) <i>0.005</i>
R Square	0.534	0.686	0.556
F-statistics	8.685 ** 0.000	6.873 ** 0.000	4.112 ** 0.005
Number of Observation	122	60	62

*\* & \*\* means the coefficient is significant at 0.05 and 0.01 level of significance respectively. The values in parentheses are t-statistics and italicized values are p-values. Model I includes representative output of all sample units. Model II is based on observations of only married employees and Model III is based on data of single employees only. The dependent variable in all models is scores of organizational commitment. The independent variables are measures of job satisfaction.*

Table-5 above shows the result of multiple regression analysis for showing the relationship between organizational commitment and job satisfaction variables. In case of Model I, only the variables role of supervisor and training programme are found to be significant. Both the variables have positive relationship with organizational commitment as indicated by sign of their beta coefficients. Hence, the results reveal that organizational commitment

of the female employees can be increased by improvement in role of supervisor and training programmes. Among the two variables, role of supervisor is of relatively higher significance. Additionally, in Model II only the variable role of supervisor is significant. It indicates that organizational commitment of married female employees is positively related with role of supervisor. Similarly, in Model III only the variable training programme is significant with positive beta coefficient which indicates that organizational commitment of single female employees is positively associated with training programme offered by the financial institution.

For Model I, the value of R-squared is 0.534 which indicates that around 53 percent of variation in organizational commitment is explained by the measures of job satisfaction used as independent variables in the model. The value of F-statistics of 8.685 is significant at one percent level of significance indicating adequacy of the model fit. Similarly, the value of R-square and F-statistic which are 0.686 and 6.873 respectively for married female employees show that the model is significant at one percent level of significance. For single female employees, the value of R-square and F-statistic are 0.556 and 4.112 respectively and show that model is significant at one percent level of significance.

The above table shows that there is no significant difference in the level of organizational commitment of all female employees with respect to communication, career development, role of employee, working condition, recognition and reward. There is no significant difference in the organizational commitment of married female employees with respect to communication, career development, role of employee, working condition, recognition and reward and training programme. There is no significant difference in the level of organizational commitment of single female employees with respect to communication, career development, role of employee, working condition, recognition and reward, role of supervisor.

As only the variables role of supervisor and training programme are found to be significant in all of the above three models, further analysis include the relationship between organization commitment and various items of role of supervisor and training programme. Two additional multiple regressions were run employing organizational commitment as dependent variable and items of the two job satisfaction measures role of supervisor and training programme. The outputs of the models are described in following sections.

**Table 6: Relationship between organizational commitment and role of supervisor**

Variables	OC and role of supervisor
Constant	2.087 (8.683) 0.000
My supervisor treats me fairly	0.113 (1.112) 0.271
My supervisor treats me with respect	0.090 (0.807) 0.423

*Contd...*

My supervisor handles my work related issues satisfactorily	0.04 (0.411) <i>0.683</i>
My supervisor counsel and mentors me	0.027 (0.288) <i>0.775</i>
My supervisor is knowledgeable on what goes on in my area	0.136*** (1.802) <i>0.077</i>
R square	0.452
F	9.073** 0.000
Number	122

*\*\**, *\*\*\** means coefficient is significant at 0.01 and 0.1 level respectively. The values in parentheses are t-values and the italicized values are p-values.

Above table shows that there is significant difference in the organizational commitment of female employees with respect to agreement factor of job satisfaction “My supervisor is knowledgeable on what goes on in my area” at ten percent level. It can be referred that organizational commitment of female employees is greatly influenced by knowledge of supervisor but does not influence by other variables of role of supervisor under job satisfaction like “fair treatment of supervisor, respectful treatment of supervisor, good handling of work related issues by supervisor, counselling of supervisor.

**Table 7: Relationship between organizational commitment and training programme of organization, p-value in italics**

Variable	OC and training programme
Constant	2.950 (11.867) <i>0.000</i>
My organization provided as much initial training as I needed	0.191* (2.184) <i>0.033</i>
My organization provides as much ongoing training as I need	-0.072 (-0.635) <i>0.528</i>
My organization seeks my input as to what training I need	0.099 (1.011) <i>0.316</i>
R square	0.137
F	3.007* 0.038
Number	122

\*, means coefficient is significant at 0.05 level

Above table shows that there is significant difference in the organizational commitment of female employees with respect to agreement factor of job satisfaction “My organization provides as much initial training as I needed” at five percent level. It can be referred that organizational commitment of female employees is greatly influenced by initial training they need but does not influence by other variables of training programme under job satisfaction like “ongoing training they need and training according to their need.

## 5. Conclusions and Recommendations

This study revealed that the female employees of Nepalese Financial Institutions have no significant difference in level of organizational commitment of married and single employees, however mean values indicate that single employees are more committed to organization than married employees. While analyzing influence of demographic variables on organizational commitment, no significant difference was found in the organizational commitment of employees by marital status, job position, service year, education and organizational status except age of employees. Moreover output of regression analysis showed that organizational commitment of employees was not found to be effected significantly by communication, career development, role of employee, working condition and recognition and reward. Role of supervisor and training programme are found to be significantly effected in the organizational commitment of employees. So it can be inferred that role of supervisor and training programme are more important to increase the organizational commitment of employees of NFIs. This study also found that for married employees role of supervisor is more important whereas for single employees training programme is more important. So it can be suggested for organization that it will be better to focus on role of supervisor and training programme to satisfy their employees which will ultimately lead to organizational commitment of employees. Furthermore future researcher can have direction toward the exploration of influence of other variables of job satisfaction not considered in this study on organizational commitment of financial Institutions across the country.

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