Antecedents of Organizational Commitment: A Case of Banking Sector of Pakistan

Masood Ul Hassan, Tahira Bano, Sadia Shaukat and Muhammad Saqib Nawaz

Department of Commerce, Bahauddin Zakariya University, Multan, Pakistan

Submitted: Aug 8, 2013; Accepted: Sep 17, 2013; Published: Sep 22, 2013

Abstract: In today’s work environment employees face many problems such as distrust, disempowerment, poor leadership and lack of support from the organization, the consequence of these factors is low commitment of employees towards their organization. Therefore, the basic objective of this paper is to examine the relationship of perceived organizational support, empowerment, perceived leadership behavior and trust to work setting with organizational commitment in banking sector of Pakistan. The data was collected through 170 questionnaires from the employees of banks in Pakistan. The factor, reliability, correlation and regression analysis were conducted through SPSS version 17. Trust to work setting, perceived leadership behavior, empowerment and perceived organizational support have positive and significant relationship with organizational commitment. Finally, this paper also discusses the theoretical and managerial implications of the results along with limitations and suggestions for future research.

Key words: Empowerment • Leadership • Organizational Commitment • Organizational Support • Trust

INTRODUCTION

An emergent and vibrant banking sector is vital for economic growth in Pakistan. The banking sector plays a vital role in the whole financial sector in Pakistan. As on 31st December 2012, there were 9,772 branches of 44 public commercial, foreign, domestic private, Islamic and specialized banks all over the country [1]. This huge network of branches depicts an intense competition among the banks. In order to survive and succeed in this environment, the banks need highly committed employees. To attain high employees’ commitment, effective leadership should lead employees in such a way that psychologically empower them to fully control their own growth, provide them trustworthy work place and assure them that aid will be available from the organization when it is needed to carry their jobs effectively and to deal with stressful situations. This reciprocity between employees and employers can be explained with the help of social exchange theory [2]. Social exchange relations are developed, when employers take care of employees and they in return provide favorable consequences for organizations. Whenever employee and employer interact with each other, the obligations on both the parties are raised. When these obligations are fulfilled by both the parties, then the trust and commitment with each other are enhanced. Although empirically, a series of studies have been conducted to find this reciprocal relationship of organizational commitment with its antecedents such as empowerment, perceived leadership behavior, organizational trust, perceived organizational support, trust to work setting [3-8]. However, little attention has been paid in investigating the relationships between these variables collectively in banking sector of Pakistan. For example in Pakistani context, researchers have investigated the relationship of commitment with turnover intention [9, 10], employee retention [11], locus of control [12] and role of spirituality [13]. Therefore, the focus of current study is to examine the relationship of perceived organizational support (POS), empowerment, perceived leadership behavior (PLB) and trust to work setting (TWS) with organizational commitment (OC). The research question of this study is: is there a positive association of POS, PLB, empowerment and TWS with OC? This research by investigating the relationship of these variables in banking sector of Pakistan will enhance the knowledge in existing body of literature.

In the subsequent discussion, the research hypotheses are stated by reviewing the literature on particular topics. This is immediately followed by a
thorough description of the research methodology. After that, the empirical findings are discussed and presented. The last part of the study presents the conclusion and discussions on the origin of the research findings, managerial and empirical implications, limitations and areas of future research.

Literature Review

Perceived Organizational Support and Organizational Commitment: In the literature of organizational behavior, perceived organizational support has its roots in organizational support theory [14]. According to this theory, POS creates a sense of responsibility due to which employees repay the organization through hard work and show commitment towards job [15]. Eisenberger et al. [15] stated that employees behave in the same manner in which organizations give value to their contributions and the work to achieve organizational objectives (perceived organizational support). The employees who receive more POS from their organizations show more commitment to their work and profession [16]. According to Eisenberger et al. [15] perceived organizational support (POS) is an important variable of relationship between organization and its employees. Mowday et al. [17] defined organizational commitment as “the relative strength of an individual’s identification with and involvement in a particular organization”. They further argued that the commitment to organization leads towards inserting all the efforts to achieve organizational goals and objectives. Arshadi [18] found a positive relationship between perceived organizational support and organizational commitment. Celep and Yilmazturk [8] also confirmed a positive relationship between POS and organizational commitment. Based on the above literature, this study proposes the following hypothesis:

H1: There is a positive relationship between perceived organizational support and organizational commitment.

Employee Empowerment and Organizational Commitment: Employee empowerment is the hottest issue of today’s world [19]. Short et al. [20] defined empowerment as a process by which employees can solve their problems and set their goals by themselves. Empowerment includes knowledge enhancement, improvement in status of the employees and the authority to make decisions [21]. Employee empowerment has the outcomes such as organizational citizenship behavior, professional commitment and organizational commitment [22, 23]. Empowerment has been studied in relation to commitment [24], participation in making decisions [25] and leadership [26, 27]. Lodhal and Kejner [28] stated that increased empowerment by the managers enhances the involvement of employees towards their profession. Yousaf [29] found that involvement of employees in decision making by the management leads towards increased Commitment to organization. Boglar and Somech [30] worked on the relationship of empowerment with commitment to organization and commitment to profession by taking the sample from Israeli middle and high schools. They reported a positive association of employee empowerment with commitment to profession and commitment to organization. Chang et al. [31] also explored the positive relationship of employee empowerment and organizational commitment. Based on the above literature this study further proposes the following hypothesis:

H2: There is a positive relationship between employee empowerment and organizational commitment.

Perceived Leadership Behavior and Organizational Commitment: According to Weber [32], leader is a person who is example for the others having some divine characteristics and extraordinary qualities. On the other hand, a process through which followers are influenced by a person to achieve organizational goals in order to make organization more coherent and cohesive is called leadership [33]. Many researchers worked to find relationship between organizational commitment and leadership. Leadership power and organizational politics have influence on organizational commitment [34-36]. Many other researchers found no relationship between these two variables [37-36]. According to Hunt and Liebscher [39] there was no relationship between leadership behavior and organizational commitment. Many researchers found a positive association between charismatic and transformational leadership and organizational commitment [40-48]. Similarly, many other studies proved positive linkage between leadership behavior and organizational commitment [33,49-51]. Based on the above literature, this study further proposes the following hypothesis:

H3: There is a positive relationship between perceived leadership behavior and organizational commitment.

Trust to Work Setting and Organizational Commitment: Worldwide increase in competition has been the cause of social revolution in global economy [52]. When industrial
revolution occurred organizations were using strict rules and regulations (a part of bureaucratic structures) in order to compete in the global markets [53]. Shaw [53] argued that the highly formalized structures created social insecurity between the management and the employees. He further stated that a successful change due to the trust of workers on the organization was needed in such a diverse environment. Koeszegi [54] stated that the role of human was important for organizational success. One of the variables influencing the role of human was workers trust to organization [53, 55-57]. Celep and Yilmazturk [8] used three dimensions of organizational trust (trust to work team, trust to work setting and trust to management) and four dimensions of organizational commitment (commitment to profession, commitment to work team, commitment to organization and commitment to work setting) in their study. They found a strong positive association of all kinds of trust with all the dimensions of organizational commitment. Based on the above literature, this study further proposes:

H1: Trust to work setting is positively related to organizational commitment.

Research Framework: On the basis of above hypotheses, research framework has been shown in Fig. 1.

Sampling and Data Collection: To determine the antecedents of employee commitment, the data was collected from the employees working in banking sector of Pakistan. Simple convenience sampling was used to gather data. The questionnaire was comprised of 46 items. The first three items were related to demographic information and the other 43 items were about the variables of the study and were measured through 1-5 likert scale from strongly disagree to strongly agree respectively. 182 out of 260 questionnaires came back filled yielding the response rate of 70%. 12 out of 182 questionnaires were improperly filled, so the actual response rate was 65% which is sufficient for research in social sciences.

The survey instrument followed for organizational commitment and perceived organizational support were developed by Celep [58], consisting 7 and 8 items respectively. The Cronbach’s alpha values of organizational commitment and perceived organizational support were 0.84 and 0.73 respectively. Similarly the survey instrument followed for empowerment was developed by Hayes [59], which was operationalized through five items having Cronbach’s alpha value of 0.94. Perceived leadership behavior was operationalized through 12 items by following the study of Ahearne et al. [60] and trust to work setting was operationalized through 11 items by following the instrument developed by Polat [61] having Cronbach’s alpha value of 0.96.

In this study, factor analysis and reliability analysis (through SPSS version 17) are used to test the validity and reliability of the questionnaire. The factor loadings and the values of Cronbach’s alpha are given in Table 1. Three, four, five, one and five items are deleted from organizational commitment, perceived organizational support, perceived leadership behavior, empowerment and trust to work setting respectively due to low factor loadings. The Kaiser-Meyer-Olkin (KMO) is 0.773 and the total variance explained is 75.70%. The values of Cronbach’s alpha and KMO are above 0.70 which are sufficient for such kind of study.

RESULTS

Correlation: As already described, this study aims to find antecedents of organizational commitment; therefore, Table 2 represents correlation matrix of the variables of consideration. The results show significant and positive correlation of organizational commitment with perceived
Table 1: Factor analysis and Reliability analysis

<table>
<thead>
<tr>
<th>Factors and Items</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: (alpha 0.829)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment 2</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment 3</td>
<td>0.659</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment 5</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment 6</td>
<td>0.689</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 2: (alpha 0.904)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS 1</td>
<td></td>
<td></td>
<td>0.846</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS 3</td>
<td></td>
<td></td>
<td>0.849</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS 5</td>
<td></td>
<td></td>
<td>0.863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS 6</td>
<td></td>
<td></td>
<td>0.873</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 3: (alpha 0.897)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment 2</td>
<td>0.824</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment 4</td>
<td>0.890</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment 3</td>
<td>0.829</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empowerment 5</td>
<td>0.842</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 4: (alpha 0.936)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 1</td>
<td></td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 3</td>
<td></td>
<td>0.751</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 5</td>
<td></td>
<td>0.744</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 6</td>
<td></td>
<td>0.890</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 7</td>
<td></td>
<td>0.902</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 8</td>
<td></td>
<td>0.908</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership behavior 9</td>
<td></td>
<td>0.910</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 5: (alpha 0.943)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 2</td>
<td></td>
<td>0.802</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 3</td>
<td></td>
<td>0.835</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 5</td>
<td></td>
<td>0.877</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 6</td>
<td></td>
<td>0.868</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 8</td>
<td></td>
<td>0.861</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust to work setting 9</td>
<td></td>
<td>0.872</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total variance explained</td>
<td>75.70%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Kaisor-Meyer-Olkin = 0.773

Table 2: Correlation matrix

<table>
<thead>
<tr>
<th>OC</th>
<th>EMP</th>
<th>TWS</th>
<th>PLB</th>
<th>POS</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC</td>
<td>1</td>
<td>.416**</td>
<td>.496**</td>
<td>.262**</td>
</tr>
<tr>
<td>EMP</td>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>TWS</td>
<td></td>
<td>.313**</td>
<td></td>
<td>.111</td>
</tr>
<tr>
<td>PLB</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>POS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 1: ** Correlation is significant at 0.01 level (2 tailed).
* Correlation is significant at 0.05 level (2 tailed).

Note 2: OC= organizational commitment; EMP= empowerment; TWS= trust to work setting; PLB= perceived leadership behavior; POS= perceived organizational support.

Table 3: Regression analysis

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>P</th>
<th>R²</th>
<th>Adj. R²</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ POS</td>
<td>OC</td>
<td>.009</td>
<td>.367</td>
<td>.352</td>
<td>.160</td>
</tr>
<tr>
<td>H₂ Empowerment</td>
<td>OC</td>
<td>.000</td>
<td></td>
<td></td>
<td>.222</td>
</tr>
<tr>
<td>H₃ PLB</td>
<td>OC</td>
<td>.040</td>
<td></td>
<td>.125</td>
<td>2.074</td>
</tr>
<tr>
<td>H₄ TWS</td>
<td>OC</td>
<td>.000</td>
<td></td>
<td>.298</td>
<td>5.325</td>
</tr>
</tbody>
</table>

Note 1: POS= perceived organizational support; PLB= perceived leadership behavior; TWS= trust to work setting; OC= organizational commitment.
organizational support, empowerment, perceived leadership behavior and trust to work setting. These findings initially confirm all the hypotheses of the study.

**Regression:** Regression analysis has been carried out with the help of SPSS 17 to investigate the impact of perceived organizational support, empowerment, perceived leadership behavior and trust to work setting on organizational commitment (Table 3). Regression model in regression Table 3 confirms that in total all the independent variables stimulate organizational commitment ($R^2=0.352; F=23.964; P<0.01$). In other words, perceived organizational support, empowerment, perceived leadership behavior and trust to work setting together explained 35.2% of total variance in organizational commitment. Moreover standardized coefficient $\beta$ and $t$-values also depicted positive and significant impact of POS on organizational commitment ($\beta=0.160; t=2.627$), empowerment on organizational commitment ($\beta=0.222; t=3.963$), perceived leadership behavior on organizational commitment ($\beta=0.125; t=2.074$) and trust to work setting on organizational commitment ($\beta=0.298; t=5.325$). Hence hypotheses, H1, H2, H3 and H4 are supported.

**DISCUSSION AND CONCLUSION**

This paper studies organizational commitment, identifies the relationship of OC with its determinants—perceived organizational support, empowerment, perceived leadership behavior and trust to work setting in banking sector of Pakistan. The results of study support the relationship of antecedents with OC; hence all the hypotheses of this study are confirmed. The validity of social exchange theory (SET) is, therefore, proved in this study. SET states that social exchange relations are developed, when employers take care of employees and they in return provide favorable consequences for organizations. Although all the variables have positive and significant relationship with OC but TWS and empowerment have more influence on OC than POS and PLB. The findings of this study are also in alliance with many previous studies. Many researchers have revealed a positive association between empowerment and organizational commitment [30, 62, 63, 24, 31]. Similarly, many studies have proved POS as an antecedent of OC [14, 8, 18, 64]. Moreover, the results also confirmed the association between TWS and OC which has been studied very little [8]. Finally, the findings also confirmed the previous empirical results regarding the positive relationship between leadership behavior and OC [33, 49, 65, 36, 34, 35]. Thus, these findings empirically support all of the study hypotheses positively.

**Theoretical and Managerial Implications:** Today the organizations have diverted their focus toward their employees, because employees are a source which leads organizations to success and continuous development. In order to maximize the productive efficiency of the employees, there is a need to study the factors that enhance employee commitment toward the organizations in which they work [66-70]. Especially in the context of Pakistan, the significance of the employee related factors such as empowerment, organizational support, leadership behavior and trust towards organization has been neglected and overlooked. These all factors are the hottest issues of today’s business and management and are not discussed collectively in banking sector of Pakistan. So this study is an empirical evidence of how commitment of the employees towards their organization be increased.

The committed workforce can become the competitive advantage of the organizations so managers must be aware about the perception of employees regarding work settings and managerial support provided to them in order to know employees satisfaction to their jobs. These satisfied employees show more commitment towards their job that ultimately enhances organizational performance. Therefore current study practically contributes with empirical results that by empowering employees, leaders may also provide a trustworthy environment to their employees and by ensuring the support of the organization for them, managers can increase their commitment towards organization.

**Limitations and Future Studies:** This study has many limitations that can be the focus of future studies. This study is cross sectional in nature and does not depict the cause and effect relationship among the variables so results are restricted to one point of time. Secondly organizational culture is an important variable that influences the commitment and satisfaction of the employees with their organization and this variable is not discussed in this study. Moreover, this paper focuses only on the banking sector of Pakistan and other sectors are neglected here. Therefore, researchers can conduct this study on other sectors including more variables such as job satisfaction, organizational performance and emotional intelligence as well.
REFERENCES


