

## **An Empirical Study of Affective Commitment across Demographic groups in the Banking Sector of Pakistan**

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### **Abstract**

Affective commitment has been highlighted as a key determinant of positive organizational level outcomes by numerous international studies. However, the attempts to explore the antecedents of affective commitment in the setting of Pakistani banking sector have been rare. Affective commitment refers to the extent the employees are emotionally attached to an organization and employees with higher levels of affective commitment work for the organization because they want to.

This study's rationale was to provide an insight into how Affective Commitment varies and may be influenced by demographic and personal factors namely age, tenure and management level. A random sample of 200 commercial bank employees in Lahore, Pakistan was selected and disseminated a survey questionnaire. Results from the ANOVA analysis revealed that on the whole, demographic factors did not have a strong relationship with affective commitment, with only tenure showing a significant relation with employees' affective commitment level.

**Keywords:** affective commitment; banking sector; age; tenure; management level.

### **1. Introduction**

The organization shares a strong bond with its employees. An organization extends financial benefits and psychological support to its workers. Also it provides opportunities to progress professionally to its staff, while the workers play an important role in the organization's long term growth and success. An Individual joins an organization with certain needs, desires and skill set. In return he anticipates finding a workplace environment where his abilities can be utilized and most of his basic needs satisfied (Dessler, 2005). The likelihood of growing commitment levels can be improved when the organizations are able to successfully provide such a medium. Research has increasingly affirmed organizational commitment to be a key determinant of significant organizational level outcomes .Some of these outcomes studied in past researches are lower level of

turnover and absenteeism an, higher level of motivation and organizational performance, etc (Meyer & Allen, 1997; Ahmad & Bakar, 2003 and Su et.al, 2009). An employee with higher commitment levels worker is likely to be more eager and motivated to his assignment on the job (Meyer & Allen, 1997). Organizations are facing major challenges today such as restructuring and downsizing, therefore understanding the aspects that determine a worker's organizational commitment is crucial. The role of personal characteristics was investigated in the past (Mowday et al, 1970; Steers, 1977) and it was established that an employee's characteristics and experiences can determine his commitment level. For this study Allen and Meyer's definition and construct of organizational has been adopted which categorizes organizational commitment into three forms namely affective, continuance and normative commitment. Diverse set of factors are reported to significantly influence the three forms of commitment and their development (Mathebula, 2004). Continuance commitment, for example, has been suggested to develop from the nature of an organization's compensation policies because employees may be afraid to lose their jobs and thus want to maintain their stay with the organization. On the other hand, training has shown to stimulate normative form of commitment. However, it is affective commitment that has the highest benefits for an organization and it is this form of commitment that companies should be vouching for. Thus the study will attempt to disclose the current levels of affective commitment of banking sector's employees and also see whether it varies across demographic groups.

Pakistani Banks are going through a phase of restructuring, reengineering and downsizing which creates anxiety and a sense of insecurity in the workers. Like any other organization banks also require workers with higher commitment levels in order to face internal and external challenges and competition. There is a severe dearth of research efforts in Pakistan to study commitment of banking sector employees and more specifically, affective commitment. Research studies on commitment in Pakistan are scarce. Most of those have considered organizational commitment as a uni-dimensional construct (e.g. Chughtai & Zafar, 2006; Iqbal, 2010; Bushra et al, 2011). Thus through this study we are going to make an effort to bridge this research gap by exploring the impact of demographic variables on affective commitment of bank employees. The results may help in carrying out more extensive research efforts to explore organizational commitment of employees with different characteristics. The study's findings can also be helpful for human resource managers and practitioner as they may be able to assess commitment levels amongst the employees. The findings can also assist in devising techniques for those employees showing lower levels of affective commitment to enhance their levels of affective commitment and thereby build a more effective organization.

## **2. Statement of the problem**

The problem to be investigated in this research study is to examine the level and variation of affective form of organizational commitment in the employees of the banking sector of Pakistan, across various demographic factors.

## **3. Literature review**

This study aims to study the construct of Affective Commitment and its relationship with socio-demographic variables for the banking sector employees in Pakistan. Studies show that demographic variables (e.g age, tenure etc) have a significantly positive link

with organizational commitment (Allen & Meyer, 1990; Mathieu & Zajac, 1990). Greater investments made by the employee in the organization in terms of time devotion and effort, higher stakes involved and greater responsibilities have been sighted as possible explanations. It is also affirmed by some studies that relatively younger employees or people who have smaller work tenure with a certain organization, may have a relatively lower emotional attachment to their organization. A study by Moon (1990) advocated that middle level managers may display relatively lower levels of organizational commitment to the organization as compared to the top managers. Whereas managers with higher positions, perks and pay have smaller probability of leaving the organization, thus they are expected to show higher commitment.

Meyer and Allen (1991) proposed the three-component model to measure organizational commitment. This multidimensional construct has gained support and popularity in the last few years across studies worldwide as it gives an in-depth analysis of organizational commitment. It also distinguishes its three forms i.e, affective, normative and continuance commitment. A committed employee has been defined as the person who “stays with an organization, attends work regularly, puts in a full day and more, protects corporate assets, and believes in the organizational goals”, (Meyer & Allen, 1997).

### *3.1 Affective commitment*

Affective form of commitment is suggested to be found in employees who have positive experiences on the job. Affective commitment has been associated with positive outcomes such as lower turnover rates, absenteeism and higher motivation, dedication and citizenship behavior etc (Meyer & Allen, 1997). It has also been associated with positive work outcomes such as “innovative work behavior, feedback seeking for self improvement and error reporting” (Chughtai, 2013).

Affective commitment is defined as “employees’ emotional attachment to, identification with and involvement in the organization” (Allen & Meyer, 1990). It has been reported to be linked with the improvement of the organization operational aspects such as increased performance levels greater job satisfaction and higher involvement. Also, it is linked to “behaviors of good citizenship” and lower levels of employee turnover (Morrow, 1993). It is suggested that individuals with a higher level of affective commitment to their organization demonstrate higher willingness to exert more effort at work (Meyer & Allen, 1997). Thus for a company, ideally a worker’s commitment profile will comprise of higher levels of affective commitment and relatively much lower levels of continuance commitment .

Thus “employees with strong affective commitment remain because they *want* to, those with strong continuance commitment because they *need* to and the ones with strong normative commitment as they feel they *ought* to” (Meyer & Allen, 1997).

### *3.2 Age and Affective commitment*

Contradicting results across researches have been listed for the *age and organizational commitment* link. Studies showed Age to have a significantly positive link with affective and normative commitment, whereas it was found to have an insignificant relationship with continuance commitment (Meyer and Allen, 1998). Irving et al (1997) suggest that early job experiences play a significant role in developing higher commitment levels. Age and tenure were shown to have a strongly significant relationship with the organizational commitment and its forms (Pathardikar and Sahu, 2011). In another study

of Meta-analysis a significantly higher relation of age to affective commitment was reported (Mathieu & Zajac, 1990). This result contradicted earlier findings about that showed a relatively strong link between age and continuance commitment because of higher sunk costs involved. Older workers are expected to have higher affective commitment due to various reasons including higher satisfaction with their jobs, better positions etc. The perception of work and self fulfillment may be different for employees lying in different age groups. The employees in the younger age bracket may not develop emotional attachment to the organization in a short span of time and might show lesser readiness to commit to an organization for a longer run.

### *3.3 Tenure and Affective commitment*

Affective commitment is going to be studied in relationship with *work tenure* in this study. Past research postulates that as a workers stay with an organization increases, his level of commitment is also likely to go up (Mathieu and Zajac, 1990). In their study a stronger relation was established for continuance form of commitment as opposed to affective commitment with work tenure. A Malaysian study conducted on white collared employees found that affective commitment was not significantly related to tenure (Ahmad and Bakar, 2003) attributing this to the country's uncertain business environment. Another research carried out to study the commitment of nurses by Noguerras, (2006) showed a positive link between the nurses' levels of commitment as the number of years as with their organization increased, thus supporting earlier findings by Mathieu and Zajac (1990) and Ahmad and Bakar (2003).

### *3.4 Level of Management and Affective commitment*

The third variable being studied in relation with affective commitment is the employee's Level of management. Past studies establish that employees' commitment is likely to enhance generally, as the management level increases. Studies show that higher level managers exhibit higher affective commitment levels as compared to their lower level counterparts in the organization (Driscoll and Randall, 1999). A study by Mowdey et al. (1982) suggested that there are four categories of antecedents for affective commitment namely personal characteristics, work experiences and job structural characteristics. Their study noted that work experiences that fulfill employees' psychological needs had the strongest impact. This study will affirm whether it is something beyond the personal characteristics that determines an employee's commitment in Pakistani setting.

## **4. Methodology**

The Affective commitment scale used in this study is an 8-item scale, developed by Allen and Meyer (1990) which measures "an employees' psychological attachment to his /her organization". Representative items for affective commitment scale are "I would be happy to spend the rest of my career in this organization" and "The organization has a great deal of personal meaning for me." Internal consistency and reliability of the Affective commitment scale was tested by calculating Cronbach's Alpha for the affective commitment scale which came out to be 0.73. It is greater than the threshold value of 0.50 (Nunnally, 1978) and is therefore considered acceptable for scale reliability.

The employees working in banking sector in Lahore, Pakistan formed the population for this study. A convenience sample of 250 was gathered and surveyed, in accordance with past studies which have also selected a sample size within the 200-400 range (e.g (Allen & Brady, 1997; Karia and Asaari, 2006, Su, et al., 2009). Statistically, it is preferred that a

sample size with ten degrees of freedom per variable be used in order to attain adequate statistical power (Mathebula, 2004). Thus our sample size is also meeting this criteria. The sampling frame included employees holding permanent employee status belonging to various departments e.g credits, operations and consumer banking etc. Our sample did not include the top level executives since they are involved in policy formulation and are entitled to entirely different remuneration and incentive. The usable questionnaires that were returned were 200, thus providing a high return rate of 80 percent.

**5. Data Analysis**

The respondents reported their age in number of years. It was then further categorized into four age groups for convenience of data handling and analysis. Participants' age lied between 22 and 57 years, with a mean of 32.1 years and a standard deviation of 7.2 years. The highest proportion of employees lied in the second age group category (i.e , 26 to 35 years) with 60.5% representation , followed by the third age group ( 36 to 45 years) with 18% of the sample lying in it. Respondents also reported their work experience tenure with their current organizations with values ranging from 1 year to 34 years with a mean of 5.26 years. The tenure was also subdivided into four categories. Respondents with 5 years or less work experience comprised 72.5% of the total sample. Since the data categories are mutually exclusive, therefore the scores of affective commitment in the groups formed meet the assumption of independence for ANOVA test. The ANOVA test was applied to determine the difference in the employees' commitment levels across the above mentioned demographic group classifications as listed in table 1. The findings indicated a small difference in the mean scores for affective commitment of the four age groups formed. Moreover, no significant relationship was found between Affective commitment and the four age groups.

**Table 1: Results of ANOVA test comparing Affective Commitment based on Age groups**

Age	N	Mean	S.D	F-value	Sig
Under 25 yrs	32	4.50	.89	1.91	0.129
26-35yrs	121	4.48	1.0		
36-45yrs	36	4.66	.94		
46 yrs & above	11	5.18	.94		

The next analysis was carried out to study the relationship between affective commitment and the respondents' self perceived level of management within the organization. Out of the total sample, 12.5% reported to belong to the upper management, 48.5% of the surveyed employees considered themselves to belong to the middle management, 12.5% reported to be in the upper management whereas the rest of the 39% respondents claimed to be a part of the lower managerial category.

ANOVA test was used to study the interaction of level of management with affective commitment. The results in Table 2 show that for our sample the mean differences in the dependant variable was insignificant for the three management groups. Thus, for the

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study's sample the level of affective commitment did not vary amongst the three cadres of management.

**Table 2 : ANOVA Test for Affective Commitment across the Three Levels of Management**

Level of Management	N	Mean	S.D	F-value	Sig
Higher Management	25	4.85	.99	1.368	.257
Middle management	97	4.49	.96		
Lower Management	78	4.52	1.01		

The relationship between the affective form of commitment as the dependant variable and work tenure with the organization was also examined by applying the ANOVA test (shown in table 3). The results indicated a significant difference for the means of affective commitment ( $F=4.25$ ,  $p<.05$ ) across the three tenure categories.

**Table 3 : Results of ANOVA Test Comparing the Means of Affective Commitment based on Current Work Experience**

Current Work Experience	N	Mean	S.D	F-value	Sig
Under 5 yrs	145	4.44	.99	4.25	.016
6-10yrs	34	4.76	.92		
11yrs and above	21	5.02	.94		

According to the post hoc Scheffe tests, employees with 5 years or less work tenure with their current organizations had a significantly lower level of affective commitment, On the other hand a significantly higher level of affective commitment was observed for the last category of employees (with 11 years or higher tenure) . It is to be mentioned that the test of homogeneity of variance was conducted to check the homoscedasticity assumption for the data. The probability associated with the Levene's statistic was greater than the level of significance, thus, we can conclude that the variance in the data was not heterogeneous.

### 6. Conclusion, Limitations and Recommendations

There is a dearth of research endeavors to study the factors associated with employees' commitment, more specifically affective form of commitment for employees in the banking sector of Pakistan. Despite their importance in national and economic context, banks have largely been understudied in research settings. Affective commitment is being studied in recent research efforts across the world as it has been recognized as an important determinant of an organization's effectiveness. Thus this study attempted to examine the association between demographic factors with the employee's affective commitment for Pakistan's banking sector. We were interested in studying affective commitment as it is the most preferable form of organizational commitment. The sample was categorized according to three demographic variables (i.e age, management level and tenure) and some interesting findings were reported as discussed below.

A positive correlation was reported for affective commitment with employees' age and work tenure. Also, a significant variation was observed for the dependant variable across the four age groups and the three tenure groups of the sample. The results also showed that employees belonging to the lower age group had a lower level of affective commitment, as also confirmed in another study by Su et al (2009) On the other hand; employees with relatively higher work tenure with a bank displayed a higher level of affective commitment t as compared to their counterparts with lesser work experience. Some earlier findings (e.g, Allen & Meyer, 1990; Ahmad & Bakar, 2003; Natarajan & Nagar, 2011) confirm our findings by showing that employees with longer tenure are inclined to have a higher emotionally attachment to their respective organizations.

New avenues for further research have opened from this study. For instance, more research can be done to explore the relationship of affective commitment with variables apart from the ones studied here .Other demographic variables such as level of education, gender, ethnic background, and non demographic variables such as culture, teamwork, organizational structure and practices etc can be studied to study their link with organizational and affective commitment .Latest international research has associated affective commitment positively with opportunity for skill enhancement and mentoring relationships (Jayasingam, & Yong, 2013). Similarly studies show affective commitment to be associated with desirable work experiences and management can seek those elements to enhance positive outcomes. Further research focusing on different forms of commitment amongst the different managerial ranks can prove to be an appealing and informative area of research.

This study also had some limitations. Firstly the sample surveyed belonged to Lahore, therefore it might not be representative of the employee characteristics across the country. Similarly the study was aimed at studying the commitment levels of banking sector employees and therefore results may not be generalize able to other sectors. Despite the abovementioned lacking, this research study was largely consistent with the earlier international studies findings conducted in the Asian as well as Western regions. It is also acknowledged that survey questionnaires are not able to reflect the true nature of respondents' feelings and emotions as the depth of the data is compromised. The independent variables studied to impact affective commitment are not exhaustive; therefore the future research efforts can be aimed at exploring other dimensions and their effect on the level of affective commitment of employees in Pakistani organizations.

As is the case for most of the social science research studies, another limitation of this study, was the application of cross sectional method. The causality becomes ambiguous in such a case, therefore longitudinal studies are also recommended for future studies. Qualitative studies in the form of interviews; focus groups etc can play an important role in order to explore other key dimensions and antecedents of affective commitment. Moreover this study is recommended to be replicated in other sectors of Pakistan in order to carry out cross sector comparisons in employees' commitment levels .Similarly a cross country analysis can be carried out as well to help learn the nature of employee behavior variation across borders. Lastly, the sample size can be increased for future studies in order to enhance the scope and generalizability of the findings.

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