Impact of Organizational Culture on Organizational Commitment: A Comparative Study of Public and Private Organizations

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Abstract

Organizational culture and organizational commitment are the most extensively researched about concepts in management studies, yet the two concepts still remain elusive as ever. Modern day organizations find themselves in doldrums of raising the commitment levels of members by adopting values and norms that are reflected in their cultures suiting to the environment in which they operate. However, the problem of commitment still persists and proves to be a daunting task for the management to overcome. The present study is an attempt to investigate the effect of culture on the commitment levels of the employees by taking into account the demographic variables. A survey of 371 respondents was carried out in the banking sector and the results indicate that one of the cultural types that is clan culture is most preferred by the employees. The result also shows that clan culture has the most significant relationship with all the three commitment dimensions as compared to other types of culture. Similarly, using the demographic variable of gender, it was found that females were more inclined towards affective commitment within their organization as compared to their male counterparts. There was no difference for the continuance commitment, whereas males were highly inclined towards normative commitment as compared to females.

Keywords: Organizational commitment, organizational culture, gender, banking industry.

Introduction

Organizational culture has been extensively studied and has been frequently identified with the study of individuals and groups within an organization. The interaction of people within an organization depicts the cultural orientation of that organization. Culture is heavily influenced by the disciplines of psychology, sociology, politics and economics, yet it is mainly attributed to the discipline of psychology. Psychologically, individuals differ from one another, but it is the leader or top management that plays a vital role in determining the culture of organizations[1-2].

The question of why culture is important for the organizations has been answered by researchers and a vast theory is available on it. Many researchers suggest that an organization's culture develops to help it cope with its environment. Today, organizational leaders are confronted with many complex issues during their attempts to generate organizational achievement in the changing global environment. An organization's success will depend, to a great extent, upon understanding organizational culture. According to Anshu and Arpana[3], culture is now viewed as an intangible strength having widespread consequences and leadership nowadays has to be applied keeping in view the cultural context rather than taking it as a personal style of leading an organization.

Organizational culture has been studied from various aspects like levels (visible, expressed values, and underlying assumptions), strength (strong or weak), and adaptiveness (adaptive or unadaptive). Organizational culture is defined as a system comprising of shared values that put emphasis on the importance of things and norms that result in attitudes corresponding to the values[4].

The success of any organization depends on its distinct culture that is developed either by its founder, or is a result of overcoming challenges or a conscious effort on the part of management to improve performance and efficiency[5]. This culture, in whichever way developed, is identifiable through its employees and supersedes even corporate strategy, technological advancements and market presence.

Corporate culture is an important lever in enhancing key capabilities of individuals and organizations to make them competitive in ever changing business environment[6]. A unique corporate culture helps to reduce the uncertainties, create social order, create continuity, create collective identity and commitment, and clarify a vision for future[5]. The influence of organizational culture is substantial and has been discussed in diverse formats. Some authors are of the view that culture is depicted in the slogans and symbols of any organizations. Others have extracted deeper in terms of underlying norms and values that prevail in a culture[7].

Closely associated with the organizational culture is the concept of commitment. It is also highlighted that culture enhances commitment of employees[5]. Commitment refers to employee's

belief in the organizational goals and objectives and the desire to remain a loyal member of an organization[8-9].

Dynamic nature of the employee–organization relationship makes the human resource management a challenging task. The practices then results evolving through negotiations, review process and decision making[10]. The present day business environment is changing continuously and with the speed of change, management also seeks ways of improving the commitment and loyalty of employees with the organization. Moreover, nowadays in order to be successful, organizations need to react timely to the changing needs of the market[11]. Improving employee commitment not only enhances the overall effectiveness of the organization but also creates satisfaction among employees with reduced absenteeism and turnover intention of the employees[12-13].

Organizational commitment has been associated with the trust employees have on the management and the way they perceive the dealing of the management as fair. It can be enhanced when employees are taken into account while decision making[14].

Commitment is highly desirable for any organization but has remained somewhat a vague concept in organizational cultures. Many researchers agree that commitment helps in reducing absenteeism, turnover and increase performance, but many associate it with the attitude of employees towards their organization and the issues they perceive as important to their wellbeing[15].

Different organizational cultures tend to develop different kinds of commitment of the employees towards their organization. Most of the research concludes that culture has a positive bearing on employee commitment. Moreover, it helps to elevate satisfaction levels and encourages citizenship behavior among[16-17-18].

The primary objective of the present study is to find out how employees perceive commitment in Pakistani context and what commitment levels are being exhibited by the employees of public and private sector organizations. Secondly, do different types of culture bring out different type of commitment responses among employees and does gender play any role in commitment of employees towards the organization.

Organizational Culture: Culture is one of the vastly studied phenomenon in management studies. Numerous researchers have tried to define the concept of culture. For many researchers, culture is a set of values, belief systems and norms that are inherent in an organization and to which the members of the organizations adhere to and taught to new members[19].

Culture is defined as a pattern of shared assumptions and values which have been adapted by the organization through its learning experience and are deemed valid to be taught to new members of the organization[20]. The values that are thus inculcated in the organization's members do enhance not only the performance of the organization but also help in enhancing the commitment of the members towards their organization[21].

In the organizational cultural studies, Cameron and Quinn[5] model of competing values have also played a significant part in determining the organizational cultural values. In this regard, a study using the competing values framework found that the employees preferred clan culture over the hierarchy, market and adhocracy cultural types mainly because of its positive and behavioral attitude towards organizational employees[22].

Numerous studies have shown that clan culture is one of the most preferred cultures of the employees. The reason is its orientation towards employee wellbeing. It acts like an extended family. Leaders are considered to be mentors or even parental figures. Group loyalty and sense of tradition are strong. There is an emphasis on the long-term benefits of human resources development and great importance is given to group cohesion. There is a strong concern for people. The organization places worth to teamwork, participation, and consensus. Clan emphasizes flexibility rather than stability and control of hierarchy. Clan culture operates more like families, as its name suggests, places value on cohesion and humane working environment, group commitment and loyalty[22-23-24].

Organizational Commitment: It has been observed that if employees are made part of the organizational decision making process, their commitment levels would increase[25]. Moreover, commitment has been proved to be an effective predictor of job performance and citizenship behavior. Creating organizational commitment involves interaction, educational awareness, and cooperation-raising programs for the people and rewarding system in the organizations[26]. Allen and Meyer[1] conceptualization of organizational commitment has resulted in three dimensions, namely: affective commitment, which is related to emotional attachment of employees with their organization and is more or less related to the demographic characteristics and work experience[24-27]; normative commitment relates to the employees' feeling of obligation towards their organization or in other words, value of loyalty shown by employees to the organization; while continuance commitment is related to the costs – direct and indirect – perceived by an employee for leaving the organization[27].

In this competitive business environment, organizations are realizing the true value of their human resources and their contributions towards generation of new ideas[28]. The involvement of employees can help in many ways for the organizations which are looking for creativity, changes in behaviors at work, and in workplace decision making. Numerous researches point out the positive impact of employee involvement on the overall performance of the organization.

It has been found that more the employees are involved in the decision making process of the organization, the more commitment and loyalty they show towards the organization. Participative leadership also plays a major role in the

involvement of employees in decision making. Partnership is maintained in the group, joint decisions are made and interaction between seniors and subordinates is encouraged[29].

Culture and Commitment: It has been observed that organizational culture can help raise the commitment levels of the employees. At the same time, there are researches that prove that culture alone do not have a strong significant effect on the employee commitment levels[7], but with the help of other factors like leadership, wellbeing, support mechanisms, human resource practices etc., culture can help raise the commitment levels of the employees[2-14].

Methodology

The study used correlation and t-test for analysis of the data. Banking industry was the focus of the study. The main reason behind targeting this industry was twofold: firstly, with the deregulation of the banking sector there has been a surge of private national and international banks in the market; secondly, with the increased competition there has been retention problems faced by the banks which ultimately affects the overall performance of the banks. The sample size of 475 respondents covering all cadres of staff was selected for the study. The sample size was selected following Sekaran[30] guidelines. Non-probability convenient sampling was found to be more appropriate method of sample selection.

Survey method was found to be more suitable for such a study; therefore, self-administered questionnaire was developed that consisted of 56 items. Commitment was measured through three dimensions namely, affective, continuance and normative. The items regarding commitment were taken from Allen and Meyer[1], organizational commitment questionnaire (OCQ). Organizational culture was measured through Organizational Culture Profile and consisted of four cultural types namely clan, adhocracy, hierarchy and market. 5-point Likert Scale using degree of agreement was used to measure the responses.

The self-administered questionnaire was distributed through personal visits as well as through referrals. Out of 475 administered questionnaires, completed and useable questionnaires received were 371 which makes response rate of 78 percent. The Cronbach alpha reliability for scale was also computed to check for the internal consistency of the items. The values obtained were found to be within acceptable range, for example, for cultural dimensions the values were: clan culture 0.829, adhocracy culture 0.829, hierarchy culture 0.891, and market culture 0.900; for commitment dimensions the values were: affective 0.831, continuance 0.847 and normative commitment 0.869.

Results and Discussion

The descriptive analysis of the data was performed for age, gender, education, marital status, public and private organizations, and length of service with the current organization. The results showed that majority of the respondents (47.8 %) belonged to the age group 20-29 years, followed by 40.7 % in 30-39 years age group. While only 8.7 % were from the age group of 40-49 and 2.8% from age group 50 and above. Gender distribution was found to be in favor of males (69.1 %). The data regarding education showed that majority of the respondents had master's degree (68 %) and only 8.2 % held bachelors degree, while the remaining 23.8% had other qualifications. Marital demographic showed that 83.6% respondents were married. The length of service of the employees in their current organization revealed that majority of the respondents were working in their present organization for more or less than 5 years (51.1 %), whereas 3.6 % had been working for less than one year. While 22.4% respondents have been with their organization for less than 3 years and 22.9 % had been working for their current organization for more than 10 years. The results regarding whether the respondent belonged to public sector organization or private sector showed that majority of the respondents belonged to private sector organizations (77.8 %).

After the descriptive analysis, independent sample t-test (table 1) was applied to find out the differences between gender, marital status and the sector of respondent's organization with the organizational commitment.

Table 1 illustrates that females were more inclined towards affective commitment within their organization as compared to their male counterparts. There was no difference for the continuance commitment whereas; males were highly inclined towards normative commitment as compared to females.

Regarding marital status and organizational commitment, it was found that married employees were less inclined towards affective commitment as compared to unmarried employees. Similarly, married people had lesser continuance commitment level as compared to unmarried ones. Whereas, normative commitment was found to be more in unmarried employees as compared to married employees. For sector of organization and commitment, no statistical difference was found between the two groups.

Pearson correlation was applied to validate the relationships between cultural dimensions and commitment dimensions. The results are shown in table 2. The results indicate that there exist a statistically significant relationship between Clan Culture and all the dimensions of commitment. Adhocracy and market dimensions of culture were found to have a weak but statistically significant relationship with normative commitment only. Hierarchy culture was found to be statistically insignificant in relation to all dimensions of commitment.

The study was carried out to investigate the relationship between culture and commitment and secondly to find out how gender perceives the organizational commitment. As more and more women are entering the job market in Pakistan, it becomes imperative for the organizations to keep abreast of the trends

and to instill commitment within their organizations so as to lessen the turnover ratio of the employees. The banking industry since its deregulation and with the entry of new local and foreign multinational banks has shown tremendous growth in the past two decades. With this growth and competitive environment, there has been an issue of employee commitment and a subsequent turnover of employees.

The results of the study do indicate that there is difference between males and females regarding perception of commitment with their organization. Female employees are more prone to have affective commitment with their organizations whereas, male employees follow normative commitment path. Perception regarding continuance commitment for both male and female employees is more or less the same. The results of the study are relevant for the organizations as they can improve upon the level of commitment of their employees.

Similarly, the results do indicate that the relationship between clan culture and commitment is stronger and significant as compared to adhocracy, hierarchy or market cultural dimensions. The results are in line with the studies of Taylor, Levy, Boyacigiller and Belcher[14]. This is also a food of thought for organizations following hierarchy, market or adhocracy cultures to develop a culture that would help them become more competitive through employee commitment. Committed employees are an asset to the organization and work for the betterment of the organization. Empirical evidence proves that the clan culture is the most sought after culture within organizational environment by the employees. In clan culture, employees are viewed as family members, where employees feel more comfortable and develop a sense of belonging to their organization. In the process, they develop strong commitment ties with their organization. Further to this, the organization need to understand that in Pakistan people change jobs more often as compared to other countries because there are no legalities for joining or leaving a job. Thus, people find better alternatives to their organizations and avail the opportunity, which ultimately effects the organization negatively.

Table-1
Independent sample t-test for Gender, Marital Status and Sector for Commitment dimensions

Variable		Gender		Marital Status		Sector	
		Male	**Female**	**Married**	**Single**	**Public**	**Private**
Affective Commitment	M	2.46	2.54	2.40	2.56	2.43	2.42
	SD	0.59	0.69	0.70	0.50	0.65	0.59
	t	-0.3041		-2.42		0.54	
	df	448		134		448	
	p	0.002		0.017		0.95	
Continuance Commitment	M	2.38	2.40	2.27	2.50	2.32	0.67
	SD	0.67	0.64	0.72	0.74	2.26	0.65
	t	-1.803		-2.30		0.926	
	df	448		448		448	
	p	0.07		0.023		0.35	
Normative Commitment	M	2.32	2.14	2.21	2.44	2.30	2.20
	SD	0.64	0.71	0.72	0.42	0.68	0.64
	t	2.68		-3.791		0.82	
	df	335		165		444	
	p	0.008		0.006		0.41	

Table-2
Inter-dimensional Correlation matrix of Culture and Commitment

	Affective commitment	**Continuance commitment**	**Normative commitment**
Clan culture	.144**	.286**	.242**
Adhocracy culture	.002	.053	.108*
Hierarchy culture	.054	-.014	.093
Market culture	-.026	.043	.187**
N		371	

** Correlation is significant at the 0.01 level (2-tailed), *Correlation is significant at the 0.05 level (2-tailed).

Conclusion

The present study indicates that out of all cultural types, clan culture is most favored by the employees, mainly because of the family orientation of the organization. With the prevalent competitive environment around the world, it is imperative for the organizations to have policies that are most suitable for its employees so as to create a strong commitment among them. The study was conducted only in the banking sector of Pakistan, it is therefore suggested that further studies should include other sectors as well as a cross comparison of sectors to have an in-depth analysis of the roles gender play in understanding the commitment levels of the employees towards their organization. Similarly, other demographic variables such as education, age etc can be taken into account when investigating commitment. As the sample size of the study has been limited to banks located in a particular city, therefore, cannot be generalized.

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