

A Comparative Study of Organizational Commitment between Managerial and Non Managerial Employees in Insurance Sector

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Abstract

Organizational commitment 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. Committed employees are the most valuable assets for the organization as If employees are committed, then it is likely that employees will report higher levels of performance and job involvement. Growth of Insurance sector is expected to be US\$ 350-400 by 2020 and it is also expected that Indian Insurance market will reach the top 3 insurance market in the world. To achieve those insurance companies must have to reduce the attrition rate, which is very high in present conditions. Therefore, this research study attempted to find out the Organizational commitment of between Managerial and Non Managerial employees of Insurance sector Data was collected from 226 Insurance sector employees of Indore city. T-test was used for data analysis.

Keywords: *Organizational Commitment, Managerial Employees, Non Managerial Employees, Insurance Sector Employees*

Introduction:

Today's competitive business environment is one that is characterized by varying complexities and a retinue of external environmental radicals that has forced most businesses to go back to the draw board, where others have to renegotiate their existence, and are forced to take radical decisions such as outright sell out, merger and acquisition and others have even been forced into oblivion. In the face of these uncertainties organizational handlers have come to the realization that corporate bodies can no longer be sustained through improved products alone but through dedicated and committed employees. This reality has therefore conspicuously placed employees as one of the crucial success factors at the disposal of organizations. When employees are committed to their organization, there is every tendency that the achievement of strategic and

predetermined organizational objectives among other vital objectives becomes possible. Committed employees are the backbone of every successful organization. If employees are well motivated by their organization, they tend to behave in such a manner that will bring a lot of benefits to the organizations as they become satisfied and channel their energies and skills toward the organization thereby helping the organization in its drive to achieve its core objectives both in the short and in the long run.

Organizational Commitment refers to the employee's emotional attachment to, identification with, and involvement in the organization (Allen & Meyer 1990). Commitment is the function of inherent sincerity of an individual, which develops the capacity to work hard and give good results even in poor and adverse circumstances. Organizational commitment is characterized as employees' willingness to contribute to organizational goals. Organizational commitment has been used to refer three aspects of staff attitudes that indicate the extent to which the employee demonstrate a strong desire to remain the member of the organization, the degree of willingness to exert high level of efforts for organization and belief and acceptance of the measures goals and value of the organization (Mowday et.al 1982)

In 1990, Allen and Meyer (and Meyer and Allen in 1997) introduced following three approaches: affective, continuance and normative commitment:

Affective Commitment is psychological attachment to organization as a result of memento of friendship. As defined by Mowday, Porter, and Steers (1982), affective organizational commitment is "a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization." ` Continuance Commitment is the costs associated with leaving the organization. Continuance commitment reflects economic ties to the organization based on the costs associated with leaving the organization. Employees that do not contemplate leaving a company for fear of losing their benefits, the possibility of taking a pay cut, and the fear of not being able to find another job is constrained to stay with its organization due to continuance commitment. There is thus difficulty in "giving it up" and the unknown "opportunity cost" of leaving the organization or having few or no alternatives. Normative Commitment is the perceived obligation to remain with the organization. Normative Commitment makes employees remain with an organization by virtue of their belief that it is the

“right and moral” thing to do (Meyer and Allen, 1991). Normative commitment is a matter of reciprocity i.e. ‘Psychological contract’ of reciprocity between an employee and the organization. The normative component of commitment concerns the employee’s belief of not paying organization that has done well to employee with evil. Normative commitment is simply action intended to express or acknowledge the good things organization have done for employee. Employees who are normatively committed to the organization remain because “they believe at it is the right and moral thing to do”.

Literature Review:

With the growing importance of the subject under study, some literature covering Organizational Commitment in service sector have been produced by economists, researchers and practitioners. A plethora of western and Indian empirical investigations have explored one or more facets about employees commitment and psycho-socioeconomic –demographic and other factors affecting the employees commitment which are summarized in the review related with this proposed work.

Lumley (2010) identified that Organizational commitment has attracted considerable interest as attempts have been made to better understand the intensity and stability of an employee's dedication to the organization. Motivated employees are crucial to an organization's success, and therefore understanding people in their jobs and what motivates them could be a driving force in strengthening organizational commitment.

Kirmizi & Deniz (2009) found that Positive relations between peers and with management affect an employee's commitment to the organization. An employee's commitment towards the organization is affected by the nature of relations between colleagues. It has been noticed that conflicting relationships exist between peers; and between employees' and the management, which threaten organizational commitment. Organizations need to promote social activities, so that friendly relations can improve between the employees; and in turn, their commitment towards the organization excels.

Chang and Lee (2006) found that different dimensions of the employees’ personality have a significant positive relationship with their job satisfaction, and job satisfaction has as well a significant positive relationship with organizational commitment.

Meneze (2005) A mainstream group of employees articulated that their organizations did not care for its employees and sometimes employees don't like to work with their organizations

indicating high levels of stress among them and majority were between the age brackets of 26-35 years. Misfit with organization, no part in decision making, were reported main causes of stress as well no control over work environment, personality traits, lack of relaxation along with ambiguous rules affect employees performance. Better managed employees are more cooperative and serve as assets for an organization and when their stress is ignored by the employer the results are increased absenteeism, cost, low productivity, low motivation and usually legal financial damages.

Durna and Eren (2005) they studied the relationship between demographic factors and organizational commitment on education and health sector workers in the city of Nigde by using the Meyer and Allen's three type approach. They showed the relationship between affective and normative commitment and certain demographic factors like age, marital status and tenure. On the other hand, they found no linkage between these factors and continuance commitment. It has been suggested that in many different corporations, organizational commitment is related to specific employee behavior. If employees are committed to the organization, turnover and absenteeism rates are low.

Feather and Rauter (2004) found that Job Satisfaction level and Organizational Justice can influence employee organizational commitment. Numerous empirical evidence have been found regarding work commitment and its relationships with job satisfaction and organizational justice in large organizations. The findings also indicate that the level of work commitment is also influenced by various factors including demographic characteristics, pay, co-workers, work, supervision, a firm's background and employees' satisfaction level.

Dex and smith (2002) found that quality of work life policies are found to have a small positive impact on workers' commitment as 50 percent of employees had satisfied employees because of these policies. The measurement of factors like performance, effectiveness, morale and motivation are found to have significant correlation with good quality of work life.

Yoona (2002) in his research proposed a new dual-process model of organizational commitment. The model stipulates that overall job satisfaction and perceptions of organizational support are key emotional and cognitive processes that mobilize commitment in the workplace. Model also suggests that the feelings of job satisfaction and perceptions of organizational support operate through independent channels to mediate the impact of work experiences on organizational commitment.

Sekran (1981) in his study on Indian bank employees came with the findings that designing the job with greater decentralization, more autonomy, power and control, rewarding employees differently on performance basis enhances commitment and good quality of work life.

Objective of the Study:

- To compare the OC among Managerial and non Managerial employees of Insurance sector.

Hypothesis:

H₀₁: There is no significant difference in OC of Managerial and non Managerial employees of Insurance Sector.

H₁₁: There is a significant difference in OC of Managerial and non Managerial employees of Insurance Sector

Research Methodology:

The Study: The present study is descriptive and examines the OC of Managerial and Non Managerial employees of Insurance Sector.

The Sample: The present research is to be conducted on a sample of 226 Managerial and Non Managerial Employees of Insurance Sector of Indore city. The respondents will be selected on a convenient sampling basis.

Tool for Data Collection: Scale of Organization commitment has been used which was developed by Dr. Anukool M. Hyde and Rishu Roy (2006). Reliability and Validity of the scale is 0.89 and 0.94 respectively.

Tool for Data Analysis: In this study, after collecting the data, the raw scores were tabulated and analyzed through SPSS; t-test was used to test the hypothesis.

Results and Discussion:

The Kolmogorov- Smirnov Statistic tests the hypothesis that the data normally distributed. A low significance value less than 0.05 indicates that the distribution of the data differs significantly from a normal distribution. After conducting this test, it was found that the assumption holds good for the data. The data is normality distributed (.077) (see Table 1).

Reliability test has been made for testing the reliability of Organizational Commitment, with the help of Coefficient (Cronbach Alpha). Reliability of data is .952 (see Table 2) which is excellent.

Since $p=.000$ (see Table 3.2) which is less than .05 which means that null hypothesis is not accepted. Therefore, H_{11} (There is a significant difference in OC of Managerial and non Managerial employees of Insurance Sector) is accepted. Hence, it may be concluded that the OC is higher in case of Managerial employees ($\bar{X}=116.7315$) of Nationalized Banks than Private Banks ($\bar{X}=91.5254$). Managerial and Non Managerial employees of Insurance Sector differ in terms of OC. Managerial employees are having more Committed than Non Managerial employees. It could be the reason that participation in decision making, job security, salary structure, financial and non-financial benefits, and social status of employee's exhibit higher level of Quality of work life and job satisfaction in Managerial employees, so they are more committed.

Conclusion:

The result of the study revealed that there is a significant difference between managerial and non managerial employees of insurance sector with respect to OC. There is no second opinion about the fact that organizational commitment and employee performance play a pivotal role for employee satisfaction. At present era of globalization the cost of manufacturing is rising due to many factors so organizations should try to recover that cost through employee retention. Because hiring new employee requires cost of hiring and training so if employee of some organization stays for longer period of time then organization may compete in better way.

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Annexure

Table 1

One-Sample Kolmogorov-Smirnov Test		Total_oc
N		226
Normal Parameters ^{a,b}	Mean	103.5708
	Std. Deviation	21.62400
	Absolute	.085
Most Extreme Differences	Positive	.048
	Negative	-.085
Kolmogorov-Smirnov Z		1.276
Asymp. Sig. (2-tailed)		.077

- a. Test distribution is Normal.
- b. Calculated from data.

Graph 1: Showing Normal Distribution

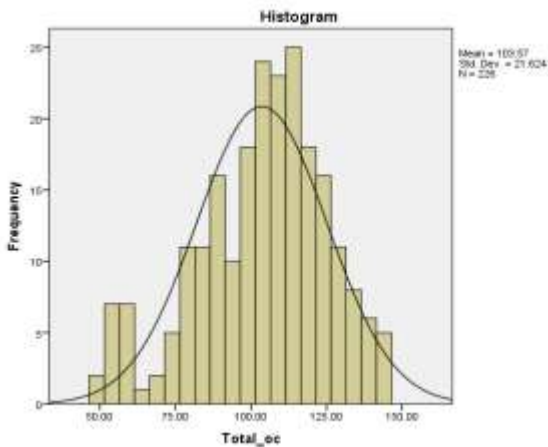


Table 2

Reliability Statistics	
Cronbach's Alpha	N of Items
.952	30

Table 3.1

Group Statistics					
	Designation	N	Mean	Std. Deviation	Std. Error Mean

Table 3.2
Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Total_o c	18.167	.000	-10.755	224	.000	-25.20606	2.34370	-29.82459	-20.58753
			-10.962	199.709	.000	-25.20606	2.29935	-29.74018	-20.67193