CHAPTER I

INTRODUCTION

1.1. INTRODUCTION

Organisational commitment is an attitude that reflects the strengths of the linkage between an employee and an organisation. This linkage goes a long way in deciding whether someone tends to remain in an organisation or not. Researchers John Meyer and Natalie Allen have identified three very different types of organisational commitment. Affective commitment is a commitment based on a person’s identification and involvement with an organisation. People with high affective commitment stay with an organisation because they want to. Continuance commitment is commitment based on the costs that would be incurred in leaving an organisation. People with high continuance commitment stay with an organisation because they have to. Normative commitment is a commitment based on ideology or
a feeling of obligation to an organisation. People with high normative commitment stay with an organisation because they think that they should do so.

There is good evidence that all forms of commitment reduce turnover intentions and actual turnover. Organisations plagued with turnover problems posed by key employees should look carefully at their tactics and foster commitment. This would seem to be especially sensible when turnover gets so bad that it threatens customer service. Many service organisations, including banks, however, have traditionally accepted high turnover rates. Organisations should take care that their targeting of the kind of commitment grows steadily. Research shows that affective commitment is positively related to performance. However, continuance commitment is negatively related to performance.

1.2 JUSTIFICATION OF THE RESEARCH

This study is an in-depth empirical investigation of the identification of the retention factors and its level of influence on the organisational commitment of employees. The objective of this study is to identify the major retention factors influencing the maximum organisational commitment level.

Retaining the employees is the strategic objective of the human resource department of all organisations. Private Banks are also taking a number of steps to
retain the trained and skilled manpower. Intention to leave the organisation or leaving the organisation is the effect of low level of organisational commitment.

1.3 RESEARCH METHODOLOGY

The research process is divided into three phases named Phase I, Phase II, and Phase III. Phase I contains the process in identifying the industry to study. Phase II includes gathering adequate information and documentation for the literature review and empirical study. Phase III is concerned with analysis, discussion and comparing the literature study with the empirical study which finally leads to fulfilling the purpose.

The hypotheses for the research were formulated on the basis of the knowledge gained through the review of literature. The evidences to accept or reject the hypotheses were collected in the field work.

This research generates theories and hypotheses, develops instruments and methods for measurement and evaluates the results. This research employs the survey strategy to collect appropriate empirical data. Specific structured Interview Schedule was designed and used to collect data.

1.4 RESEARCH GAP
The management of human resources in an organisation has made a transition since the 1980s from relative insignificance to strategic importance. Till the early 1970s, organisations operated in a relatively stable environment with distinct domestic markets and minimal complexities. The late 1970s up to the present has been characterised by a dynamic global economy with cut-throat competition, information technological advances and the upsurge of emerging economies. Therefore, as organisations continue to face a myriad of challenges, their survival will depend upon how effectively they manage their human resources and implement their human resources management practices. The importance of human resources management practices on organisational outcomes such as organisational commitment has become an important topic for researchers. Various studies have stressed the benefits to organisations of a loyal and committed workforce and the central role HRM practices may play in creating and maintaining commitment.

This study extends Meyer and Allen’s multidimensional organisational commitment in several ways. First, although various studies have been carried out to determine how employees’ commitment to an organisation develops, only limited research has been carried out on the potential impact of organisational commitment through employee retention. There is strong empirical evidence revealing that organisational commitment is influenced by employees’ retention which is further strengthened by promotion practices more than any other variables. A number of
researches have been carried out in the field of organisational commitment in Hospital sectors, Educational sectors, Public sector organisations and so far no attempt has been made to study the organisational commitment in Private sector banks. There are several research studies involving the factors affecting organisational commitment, such as organisational culture, human resource management practices, training and development. But this research is a unique attempt to study the organisational commitment through retention factors which are based on Allen and Meyer’s three types of organisational commitment in Private Sector Banks.

1.5 RESEARCH METHOD

The methodology that is employed is briefly discussed:

➢ Research Design

The type of research design is descriptive research. The research problem is clearly defined as to identify what is to be measured.

➢ Sources of Data

The research uses both primary and secondary data. The primary data have been collected from the respondents through a structured interview schedule and the secondary data have been collected from books, journals, magazines, thesis and internet.
Tools for Analysis

The following tools have been used to analyse the data.

ANOVA

Factor Analysis

Correlation Analysis

Chi-square Analysis

Regression Analysis

1.6 RESEARCH PROPOSITIONS

The major research propositions are highlighted and presented here.

➢ The factor scores extracted for job commitment do not vary with the age of the respondents at 5%.

➢ The factor scores extracted for job commitment do not vary with the marital status of the respondents at 5%.

➢ The factor scores extracted for job commitment do not vary with the type of bank in which the respondent is employed at 5%.

➢ The factor scores extracted for statements describing various aspects of compensation do not vary with the age of respondent at 5%.

➢ The factor scores extracted for statements describing various aspects of compensation do not vary with the nature of employment of respondent at 5%.

➢ The factor scores extracted for statements describing various aspects of
compensation do not vary with the salary of the respondent at 5%.

➢ The factor scores extracted for statements describing various aspects of compensation do not vary with the bank the respondent is working for at 5%.

➢ The agreement with the statement the job requires to use a number of complex or high level skills varies with the demographic characteristics of the respondents at 5%.

1.7 CONTRIBUTION OF THE STUDY

This research contributes to the field of human resources management by identifying the retention factors that influence the level of commitment of employees to the organisation. Organisationally committed employees will usually have good attendance record, demonstrating a willing adherence to company policies and have lower turnover rates.

The findings of the study will help the practising human resource managers of private banks in retaining the highly qualified and the experienced and also make them committed towards the organisation. Further the findings of the present study will be highly useful to the academicians to research further in this regard.

Nowadays, the attrition is common to any industry, especially in private sectors. The research findings if properly applied would certainly reduce the
employee turnover and strengthen the level of commitment in Private Banking sectors leading to effective quality service to the customers.

CHAPTER II

REVIEW OF LITERATURE

2.1 INTRODUCTION

There are a number of similar studies in the field of Organisational Commitment in many industries. But, so far, no attempt has been made to study the organisational commitment in the banking sector, which covers all private banks including old and new generation banks. The previous study in the field of organisational commitment and the various studies relating to organisational commitment in other industries are analysed and presented below.

Buchman (1974) have examined organizational commitment between Government managers and business executives using a sample of 279 managers in three industrial and five governmental organizations. The results of the study indicated that managers who felt they were making a real contribution to organizational success were more likely to develop commitment, and the experience had the greatest impact on commitment. Business executives typically reported more