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**FACTORS INFLUENCING ORGANIZATIONAL COMMITMENT:  
THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

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**A Thesis Submitted to Addis Ababa University school of Commerce in  
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## **Declaration**

I, Senait Gebru, declare that this study is my original work and has not been presented for a degree program in any other universities, and that all the sources of materials used for the study have been dully acknowledged.

Declared by:

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**Factors influencing Organizational Commitment: The**

**Case of Commercial Bank of Ethiopia**

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## **Acronyms**

CBE: Commercial Bank of Ethiopia

HR: Human Resource Management

CSO: Customer Service Officer

SCSO: Senior Customer Service Officer

CSM: Customer service manager

SPSS 20: Statistical Software Packages for Social Science: Version 20

## **Abstract**

*This research was conducted to examine the factors influencing organizational commitment in the case of Commercial Bank of Ethiopia (CBE) using drivers of organizational commitment as an indicator. Data was gathered from 198 professional and managerial employees of CBE Addis Ababa. Descriptive and inferential statistics was used to analyze the data and also cluster sampling was used followed by stratified random sampling to select the samples. Primary data were collected using five Point Likert-Scale questionnaires and 185 responses were properly filled and returned. Statistical package for social science studies (SPSS) version 20 was used to analyze empirical data collected through the close ended questionnaire. The independent variables are compensation, job security, Training and development, working conditions, supervisor support culture, and organizational justice whereas the dependent variable is employees' organizational commitment. The mean and standard deviation of the dependent and independent variables were computed and interpreted. Pearson correlation Coefficient (r) was used to determine the relationship between each independent variable with the dependent variable. The descriptive statistics result indicated that the mean value for compensation, Supervisor Support Culture, training and development, and Organizational Commitment were below average which indicate that employees in general are not committed in CBE. Therefore, it is better that the Bank should revise its compensation scheme, give supervisors training to develop their skill, give employees different trainings and help them to tryout their training on the job etc.*

**Keywords:** *Compensation, job security, training and development, Organizational Commitment*

# **CHAPTER ONE**

## **INTRODUCTION**

In this introductory chapter background of the study, statement of the problem research questions of the study, objectives of the study, significance of the study, delimitation, organization of the study as well as definitions of terms are discussed.

### **1.1 Background of the Study**

Employees have been important resources to any organization. Based on their critical character, they can be termed the life-blood of an organization. Advancement in technology has caused most organizations to be more and more technology driven. However, this situation does not reduce the value of employees in an organization because technology requires human resources to operate. With issues such as globalization, competition is becoming keener and keener in most industries. This situation also affects the job market in the sense that organization demand in human resources to remain competitive in their respective industries is higher. To remain more competitive, organizations need therefore not only attract the best talents but also to retain them on the job for a long term. The toughest challenge that organizations encounter nowadays is not only how to manage the people but also how to keep them on the job as long as possible and how to maintain them vigorous and ambitious.(Kossivi and kalgora, 2016).

According to (Ivanovich & Collin, 2006), employee retention is the process of keeping employees on the staff and not losing them to rival firms. It refers to the various policies and practices which let the employees stick to an organization for a longer period of time.

As business face increasing competitive challenges, a strategy that will develop committed and loyal employees holds the promise of exceptional financial returns (chambers,

1998; hustled, 1995). A people centered strategy is an important source of competitive advantage because unlike technology people are difficult to imitate.

Commitment refers to attachment and loyalty. It is associated with the feelings of individual about their organization (Armstrong, 2009). Organizational commitment was originally intended as a tool with which to manage human resources within a hierarchical organizational structure. Such organizations are now decreasing in number, with the unit of activities becoming smaller. However due to its potential for increasing productivity, whatever its form; strategies to encourage commitment will continue to be important in managing HR in the future (Sano, 1990). Managers, therefore, rely less on formal rules and more on building a committed workforce to attain organizational objective (Carson 1999).

Commitment is a belief which reflects "the strength of a person's attachment to an organization" (Grusky, 1966, p. 489). Researchers have suggested that reciprocity is a mechanism underlying commitment (Angle & Perry, 1983; Scholl, 1981) and that employees will offer their commitment to the organization in reciprocation for the organization having fulfilled its psychological contract (Angle & Perry 1983; Robinson, Kraatz & Rousseau, 1994). By fulfilling obligations relating to, for example, pay, job security, and career development, employers are creating a need for employees to reciprocate, and this can take the form of attitudinal reciprocity through enhanced commitment and consequently influence employees to stay with the organization (Becker & Huselid, 1998; Capelli, 2000; Furnham, 2002; Oakland & Oakland, 2001; Wagar, 2003).

## **1.2 Statement of the Problem**

Fitz-enz (1997) stated that the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organization. As mentioned previously, the combined direct and indirect costs associated with one employee ranges from a minimum of one year's pay and benefits to a maximum of two years' pay and benefits. Thus, there is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee's departure.

It will become significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization's need to create an environment in which one would be willing to stay (Harris, 2000). Organizations will need to either create an intellectual capital environment where the transmission of knowledge takes place throughout the structure, or continue to lose important individual knowledge that has been developed during the length of service (Harris, 2000). This deep knowledge is what many believe will help to meet the needs and expectations of the customers and to create and sustain a competitive advantage within the global economy in which organizations are competing in today.

Previous studies of the concept of commitment (Mowday, Porter & Steers, 1982; Meyer & Allen 1991) have substantiated that employee commitment to the organization has a positive influence on job performance and a negative influence on intention to leave or employee turnover.

**Table 1.1 : turnover rate of employees in CBE**

| <b>Year</b> | <b>No Of Employees<br/>Join CBE</b> | <b>No Of Employees<br/>Leave CBE</b> | <b>Percentage</b> |
|-------------|-------------------------------------|--------------------------------------|-------------------|
| <b>2014</b> | <b>3905</b>                         | <b>430</b>                           | <b>11%</b>        |
| <b>2015</b> | <b>4976</b>                         | <b>617</b>                           | <b>12%</b>        |
| <b>2016</b> | <b>4202</b>                         | <b>709</b>                           | <b>17%</b>        |

Source: CBE HR Transaction Department 2014-2016 GC.

Table 1.1 above shows the number of employees who joined and left the Bank from 2014-2016G.C. As it is seen from the table the rate of turnover has been increasing from 11% in 2014 to 12% in 2015 to 17% in 2016. If the turnover of employees continues to increase at this rate, it will be a serious problem for the Bank. The Bank will continue to incur cost to recruit, train and make these employees to suit for the job.

CBE has a vision to become world class commercial bank by the year 2025. Therefore, for a Bank that aspires to a world-class bank considering what retention practices need to be put in place to enhance organizational commitment needs to be one of its top priorities.

Even though a number of researches with different titles conducted on commercial bank of Ethiopia, no research is conducted regarding the effect of employee retention factors on organizational commitment. This shows that less emphasis is given to this area.

### **1.3Research Question**

Therefore, this research will try to answer the following questions:

- What is the level of employee's organizational commitment in CBE?
- What are the factors related to organizational commitments?
- What are the factors affecting organizational commitment?

## **1.4 Objective of the Study**

### **1.4.1 General objective**

The general objective of this study is to determine the factors that influence organizational commitment.

### **1.4.2 Specific Objectives**

The following are specific objective of the study

- To assess the level of employee's organizational commitment in CBE
- To determine factors related to organizational commitment
- To investigate the factors affecting organizational commitment

## **1.5 Significance of the Study**

This study tries to investigate the existing employee retention practices and its effects on employees' organizational commitment in the case company. It also tries to identify which retention practice is more contribute for organizational commitment.

The study has point out ways on how to improve the existing retention practice and increase employees' commitment so that both individual and organizational level objectives can be meeting easily.

The findings of this study may help human resource managers and policy makers to understand as how they can reduce turnover intention of employees by increasing organizational commitment.

The study is also contributed to other researchers as a reference who wants to conduct other similar researches.



## **1.6. Limitation of the study**

Lack of awareness among the respondents to fill out questionnaires with due care and return them on time and lack of willingness to fill questionnaires were some of the limitations that the study faced while collecting the data from the respondents.

## **1.7. Scope of the Study**

The study is delimited geographically, conceptually, methodologically and timely.

Geographically, the study focused on investigating the effect of employee retention practices on organizational commitment on commercial bank of Ethiopia Addis Ababa. So the study is conducted under different branches which are located in Addis Ababa.

Conceptually the study is delimited to taking compensation, job security, training and development, supervisor support culture, working environment and organizational justice as an independent variable and organizational commitment in its Affective, Continuance and Normative dimensions as dependent variable.

The study used quantitative data (quantitative method approach). Questionnaire was used to collect data for the research. Because questionnaire helps to gather information from large no of respondents.

Only employees who has service year of one year and above are included in this study. This is because employees with service year of less than one year they are not matured enough to reflect organizational commitment.

## **1.8 Definition of Terms**

*Employee retention:* is an organization's ability to keep employees who are valued contributors to organizational success for as long as is mutually beneficial (Worldatwork, 2007).

*Organizational commitment:* refers to the degree of attachment or loyalty employees feel towards the organization (Ongori, 2007)

*Compensation:* This include fixed pay (base pay) and variable pay (pay at risk). It also includes several forms of variable pay including short term incentive pay and long term incentive pay (worldatwork, 2007)

*Training and Development:* According to Decenzo and Robins (2010), training and development are described as here under:

*Employee training:* is a learning experience; it seeks a relatively permanent change in employees that improves job performance.

*Management development:* is a future oriented training that focuses on employee personal growth.

*Organizational justice:* refers to employees' perceptions of the fairness of received from Organizations. (Cropanzano & Greenberg, 1997).

## **1.9 Organization of the Study**

The study is organized into five main chapters. The first chapter deals with the introductory part that include background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope of the study, definition of used terms and organization of the study.

The second chapter deals with detailed literature review which tries to explore the theories and findings related to the research topic. The third chapter is research methodology. It

tries to explain the research design, population and sample, data collection methods, validity and reliability and ethical issues. Chapter four deals with the data analysis, result derived from the analysis and discussion of the findings. Finally in chapter summery, conclusion and recommendation is presented.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

In this section various literatures in relation with the basic premise of this study are reviewed so as to draw a clear theoretical framework of the subject matter. Accordingly, the distinct meaning and features of employee retention and employees organizational commitment are elaborated in detail.

#### **2.1. Employee Retention – An Overview**

Employees have been important resources to any organization. Based on their critical character, they can be termed the life-blood of an organization. Advancement in technology has caused most organizations to be more and more technology driven. However, this situation does not reduce the value of employees in an organization because technology requires human resources to operate. With issues such as globalization, competition is becoming keener and keener in most industries. This situation also affects the job market in the sense that organization demand in human resources to remain competitive in their respective industries is higher. To remain more competitive, organizations need therefore not to only attract the best talents but also to retain them on the job for a long term. The toughest challenge that organizations encounter nowadays is not only how to manage the people but also how to keep them on the job as long as possible and how to maintain them vigorous and ambitious.

Retention is a complex concept and there is no single recipe for keeping employees with a company. Employee retention is concerned with keeping or encouraging employees to remain in an organization for a maximum period of time. Mita (2014) defined employee retention as “a technique adopted by businesses to maintain an effective workforce and at the same time meet operational requirements”. Bidisha (2013) described it as a process in which the employees are

encouraged to remain with the organization for the maximum period of time or until the completion of the project. According to Workforce Planning for Wisconsin State Government (2015), employee retention is a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs.

## **2.2. Factors Affecting Employee Retention**

Human resource management plays pivotal role in employee's retention. Researchers found that human resource management practices in compensation and reward, job security, training and development, supervisor support culture, work environment and organizational justice can help to reduce absenteeism, enhance employee retention and better quality work, (Meyer and Allen, 1991; Solomon, 1992; Snell and Dean, 1992; Arthur, 1994; Snell and Youndt, 1995; MacDuffie, 1995; Delaney and Huselid, 1996; Ichniowski, Shaw and Prennushi, 1997).

### **2.2.1. Compensation**

Compensation is among one of the factor for the retention of employees. Compensation plays significant role in attracting and retaining good employees, especially those employees who give outstanding performance or unique skill which is indispensable to the organization because company invest heavy amount on their training and orientation. According to Lawler (1990); company adopt the strategy of low wages if the work is simple and requires little training and companies competing in high labor markets, adopt the high wages strategy. Some researchers argue that competitive compensation package is the only strong commitment and also build strong commitment on the workers side. However, the contribution of compensation towards retention, help in retention of employee irrespective

of their skill and contribution to the company and it likely affect both turnovers desirable and undesirable. The total amount of compensation offered by other companies also affects the turnover. Organization who offers high compensation package who is being compared to others would a large number of candidates applying for induction and have lower turnover rate. Moreover, the high compensation package, the organizations would create culture of excellence (Lawler 1990).

### **2.2.2. Job Security**

Abegglen (1958) found that employment features like lifetime employment and seniority system, job security lead to high commitment, job satisfaction as well as retention of employees in an organization.

According to McElroy (2001), job security may induce commitment due to several reasons. Continued employment may enhance levels of commitment by virtue of the fact that employees can get to like their work environment after a while. In addition it might happen that as employees continue membership of an organization, their belief in organizational values might increase and so might their willingness to exert effort on behalf of the organization. Alternatively, the employee might feel obliged to return the loyalty exhibited by the organization. Satisfaction with job security has also been found to be positively related to commitment in the studies conducted by Yousef (1998) and Hallier and Lyon (1996).

### **2.2.3. Training and Career Development**

Investment on employee training and career development is considered important factor in employee retention. Organization has the incentive to make investment in form of training & development only on those workers, from whom organizations expect to return and give output on its investment (Messmer, 2000). According to Clark (2001), organizations are

intensification development for talented employees, through proficiency analysis, input on employee interests, need development and multisource appraisal of capabilities and formulate plans for action. Wetland (2003) suggested that firms and individual made investment on human capital in the form of training. Training enhances the skills of employees.

Storey and Sisson (1993), recommend that training is a sign of organization commitment to employees. Training also reflects organization strategy that is based on value adding rather than cost lowering. Leading firms of the industry recognized that comprehensive range of training, skill and career development are the key factors of attraction and retention of employees.

Frazis (1998), found that employees working in organization have low turnover rate, normally spent 59 percent time, on formal training from total training period, as compared to organization spent 18 percent and have high turnover rate. In short, training help to lower turnover rate and considered as important factor in employee retention (Wetland, 2003).

#### **2.2.4. Supervisor Support**

The leadership style considers affective factor in employee retention. The relationship between supervisor and worker play pivotal role in employees' turnover intention. Leaders are the human face of the firm. Eisenberger (1990), suggested that employees' view regarding organization are strongly concerned to their relationship with supervisor.

If supervisor support, open communication and good relationship with employees exist in an organization, the employees' turnover intentions are likely less and more engaged with organization, (Greenhaus, 1994).

Employees who are valued and they feel esteemed will take active part in the organization goals, show productive behavior, workplace and increased job involvements, which decrease absenteeism and turnover intention rates. The effective leadership style can be revealed by formal and informal acknowledgment. In organizations employees respond to admire, support and encouragement, no matter the environment is professional or personal (Silbert, 2005). To ensure accurate performance appraisal management, a leader must discuss the progress with employees outside the time of formal evaluation process. They assist workers to find the right place in the firm, not only move in the hierarchy next position (Freyermuth, 2007).

According to Silbert (2005), well skilled and talented workers may easily find good job, position and workplace elsewhere; however the effective way for retaining these talented employees is to enhance friendly and close working environment and to promote leader support. Freyermuth (2007), recommended that organization must groom leader to support the employees and to well build the work environment where workers want to stay.

### **2.2.5. Work Environment**

A number of studies have conducted to explain the work environment with different aspects such as job satisfaction (Iaffaldano & Muchinsky, 1985) and employee retention (Martin 1979), employee turnover, organizational commitment and job involvement (Sjoberg & Sverke, 2000). According to Ramlall (2003), people strive to work and to stay in those corporations that provide good and positive work environment, where employees feel that they are valued and making difference. Proficient employees of such organizations are dragging together to push the organization forward.



### **2.2.6. Organizational Justice**

Organizational justice means the just and ethical employee treatment within the organization (Cropanzano, 1993). Greenberg (1990) defined the organizational justice that it is a term that refers to the treatment of employees by the organizations in just and fair manner.

The distributive justice study has its genesis on equity theory of Adams' (1963, 1965). According to equity theory, employees compare their input (effort and time) versus output (status, reward, and pay) ratio with other employees and judge that they are treated fairly or unfairly. The result of favour ratio is remorse, guilt or create embarrassment situation, whereas the more favorable ratio leads to resentment and anger. Accordingly, employees respond to this fair or unfair distribution of outcome (reward) with satisfaction or dissatisfaction attitudes. This satisfaction or dissatisfaction of employees with their work or job leads to behavioral decision and intentions of employees regarding to stay in the organization or leave the organization (Mowday & Colwell, 2003).

### **2.3. Retention Strategy**

According to Armstrong (2006), a retention strategy takes into account the particular retention issues the organization is facing and sets out ways in which these issues can be dealt with. This may mean accepting the reality, as mentioned by Cappelli (2000), that the market, not the company will ultimately determine the movement of employees. Cappelli believes that it may be difficult to counter the pull of the market you can't shield your people from attractive opportunities and aggressive recruiters, and suggests that the old goal of HR management, to minimize overall employee turnover, needs to be replaced by a new goal: to influence who leaves and when.

## 2.4. Organizational Commitment

The concept of organizational commitment derives from an article “The organization Man” written by Whyte in 1956. Commitment comes into being when a person, by making a side bet, links extraneous interests with a consistent line of activity. Different scholars define commitment at different times.

In an attempt to understand the construct’s meaning, authors have tried to define organizational commitment as follows: For Becker, “Organizational commitment comes into being when employees recognize costs associated with leaving the organization” (1960, p. 32). “It is a state of being in which an individual becomes bound by his action and through his actions to beliefs that sustain the activities of his own involvement” (Salancik, 1977, p.62). “It refers to a stabilizing force that acts to maintain behavioral direction when expectance/ conditions are not meet and do not function” (Scholl, 1981, p. 593).

“It is a force that stabilizes individual behavior under circumstances where the individual would otherwise be tempted to change that behavior” (Brickman, 1987, P. 2). “It is the inclination to act in a given way toward a particular commitment target” (Oliver, 1990, p. 30). “It deals with the relative strength of an individual’s identification with, and involvement in a particular organization” (Mowday, 1979, p. 226). “It is a psychological state that binds the individual to the organization” (Allen & Meyer, 1990, p. 14).

For this study we use the definition of Allen and Meyer is more suitable. According to the Meyer and Allen (1997), commitment “is a psychological state that characterizes the employees relationship with the organization and has implication for the decision to continue membership in the organization.”

## **2.5. Dimensions of Organizational Commitment**

Meyer and Allen (1997, p 106) use three dimensional model to conceptualize organizational commitment affective, continuance and normative commitments.

### **2.5.1 Affective Commitment**

According to Meyer and Allen (1997, p 11) affective commitment is “the employee’s emotional attachment to, identification with, and involvement in the organization”. Organizational members, who are committed to an organization on an affective basis, continue working for the organization because they want to (Meyer & Allen, 1991). Members who are committed on an affective level stay with the organization because they view their personal employment relationship as congruent to the goals and values of the organization (Beck & Wilson, 2000). An individual who is affectively committed or emotionally attached to the organization, (i) believe in the goal and values of the organization , (ii) works hard for the organization and (iii) intend to stay with the organization (Mowday ,porter and stersor.,1982).

The organizational commitment model of Meyer and Allen (1997) indicates that affective commitment is influenced by factors such as job challenge, role clarity, goal clarity, and goal difficulty, receptiveness by management, peer cohesion, equity, personal importance, feedback, participation, and dependability.

### **2.5.2. Continuance Commitment**

When employees enter into the organization, they are bound to maintain a link with the organization or committed to remain with the organization because lack of alternative opportunity or awareness of the costs associated with leaving the organization.. This was more

appropriately defined by Allen and Meyer (1990). He proposed that continuance commitment develops on the basis of two factors: (1) number of investment (side – bets) individuals make in their current organization and (2) perceived lack of alternatives. These investment can be anything that the individual considers valuable such as pension plans, organization benefits, status, etc that would be lost by leaving the organization, which makes them stay with their current employers (Meyer & Allen, 1984). Similarly, lack of employment alternatives also increases the perceived costs associated with leaving the organization and therefore increase the continuance commitment of employees to the organization (Allen & Meyer, 1990). Kanter (1968) defined continuance commitment as cognitive – continuance commitment as that which occurs when there is a profit associated with continued participation and a cost associated with leaving.

The approach of continuance commitment develops when an individual recognizes that he or she loses investments (the money they earn as a result of the time spent in the organization), and/or perceives that there are no alternatives or other courses of action. When an individual has awareness or consideration about expenses and threats linked to leaving the organization, this form of commitment is considered to be calculative (Meyer & Allen 1997). Meyer and Allen (1991) also specified that individuals whose most important connection with the organization is based on continuance commitment stay with the organization simply because they have no choice. Whereas affective commitment is, where individuals remain with an organization because they want to and because they are familiar with it and they have emotional attachment with it.

### **2.5.3. Normative Commitment**

Meyer and Allen (1997, p11) define normative commitment as “a feeling of obligation to continue employment.” The normative aspect develops as individuals’ perception of their moral obligation to remain with a specific organization, irrespective of how much status improvement or fulfillment the organization gives the individual over the years (Marsh & Mannari, 1977).

The strength of normative organizational commitment is influenced by accepted rules about reciprocal obligation between the organization and its members (Suliman & Iles, 2000). The reciprocal obligation is based on the social exchange theory, which suggests that a person receiving a benefit is under a strong normative obligation or rule to repay the benefit in some way (McDonald & Makin, 2000). This implies that individuals often feel an obligation to repay the organization for investing in them, for example through training and development.

## **2.6. Factors Affecting Commitment**

According to Armstrong (2009), the factors affecting the level of commitment in what they call ‘mutual commitment firms’ are as follows:

*Strategic level:* supportive business strategies, top management value commitment and effective voice for HR in strategy making and governance.

*Functional (human resource policy) level:* staffing based on employment stabilization, investment in training and development and contingent compensation that reinforces cooperation, participation and contribution.

*Workplace level:* selection based on high standards, broad task design and teamwork, employee involvement in problem solving and a climate of cooperation and trust.

## **2.7. Effects of Organizational Commitment**

Organizational commitment can have either a negative or a positive effect on the organization.

### **2.7.1. Negative Effect of Low Level Organizational Commitment**

The negative effect implies that the level of organizational commitment is low. Employees with a low level of organizational commitment tend to be unproductive and some become loafers at work (Morrow, 1993).

In certain cases the high rate of staff turnover and absenteeism are associated with the low level of organizational commitment (Morrow, 1993). Cohen (2003, p xi) motivates that “lack of organizational commitment or loyalty is cited as an explanation of employee absenteeism, turnover, reduced effort expenditure, theft, job dissatisfaction and unwillingness to relocate”.

Organizational commitment is regarded to be the best predictor of employees’ turnover, than the far more frequently used job satisfaction predictor (Miller, 2003). Given the fact that employees who operate in a continuance commitment dimension are calculative of their stay, one would deduce that such employees may continuously stay away from work when they feel like, doing so.

### **2.7.2. Positive Effect of Organizational Commitment**

Committed organizational members contribute positively to the organization which is not the case with less committed members. Cohen (2003, p 18) states that “organizations whose members have higher levels of commitment show higher performance and productivity and lower levels of absenteeism and tardiness”. This implies that employees with a high level of

commitment tend to take greater efforts to perform and invest their resources in the organization (Saal & Knight, 1987).

Organizational commitment can result in a stable and productive workforce (Morrow, 1993). Employees who are highly committed do not leave the organization and tend to take challenging work activities (Meyer & Allen, 1997). Committed members are normally achievement and innovative orientated with the ultimate aim of engaging in and improving performance (Morrow, 1993).

Other positive effects of organizational commitment include feelings of affiliation, attachment and citizenship behavior, which tend to improve organizational efficiency and effectiveness (Williams & Anderson, 1991). Affectively and normatively committed members are more likely to maintain organizational membership and contribute to the success of the organization than continuance-committed members (Meyer & Allen, 1997).

## **2.8. Development of Organizational Commitment**

According to Jex (2002), most researchers have approached this issue by examining the development of each of the three bases of commitment proposed by Meyer and Allen (1991). If one considers affective commitment, a logical supposition might be that employees will tend to develop this type of commitment if they perceive that the organization is being supportive and/or treating them in a fair manner (Meyer & Allen, 1991). In fact, research has shown that affective commitment is positively related to variables such as perceived organizational support (POS) and procedural justice. POS simply represents the extent to which the organization is seen as helpful to the employee; in effect, it is “on the employee’s side”.

Another factor that may impact the development of affective commitment is whether the organization is seen as a source of rewarding outcomes. Research has shown, for example, that a positive relationship exists between affective commitment and variables such as job scope, participative decision making, job autonomy, and perceived competence (Meyer & Allen, 1997). One way to interpret such findings is based on a belief that employees develop feelings of affective commitment if they see the organization as a place where they feel they are important and competent.

Another proposed determinant of continuance commitment is the extent to which employees perceive other viable alternatives to the present employer. The word “*perceive*” is italicized because it really does not matter whether actual alternatives exist; the important thing is an employee’s perceptions. Perceptions of alternatives may be impacted by things in the environment, such as the unemployment rate, but may also be affected by other, more subjective factors. For example, an employee’s perception of his or her overall competence, level of training, and mobility will all enter into the perception of alternatives. As one might guess, continuance commitment will tend to be higher among employees who perceive few alternatives to the present employer.

Compared to affective and continuance forms of commitment, much less is known about the development of normative commitment. According to Meyer and Allen (1997), personal characteristics and the nature of an employee’s transactions with the organization may impact the development of normative commitment. At a personal level, individuals may differ in terms of whether their early socialization emphasized the development of strong loyalty and a sense of moral obligation to their employer. They also point out that the organization may



attempt to instill in employees, during the initial socialization process, a strong sense of moral obligation to the organization.

## **2.9. Empirical Literature Review**

Rashid saeed from COMSATS institute of information technology sahiwal, conducted a research on the impact of retention factors on organizational commitment on general education division of Pakistan. Sample of 250 respondents were take using simple random sampling method and data was collected through questionnaires. The finding of the study shows that compensation and job characteristics have significant influence on organizational commitment. Whereas, career development opportunity does not have an impact on organizational commitment of genera educational division of Pakistan.

Andreas Dockle, Johans Basson and Melinde Coetzee also conducted a research in order to investigate specific retention factors that induced organizational commitment. A sample of 94 professional technicians from South Africa owned Telecommunications Company was participated. The result of this research indicate that compensation, job characteristics, supervisor support and work life policies found to have significant influence on the development of organizational commitment.

Another study was conducted by Kahawaji, Anwar and Mazen to investigate the impact of training on organizational commitment and turnover intentions in private sector of Saudi Arabia. A self administered questionnaire was used, involving 251 respondents from leading private organizations of Saudi Arabia to collect data. The result shows that availability of training programs and supervisors support for training is found positively related to organizational commitment. The study by Simon Mafika on the effect of training on employee commitment,

retention and performance indicate that training has significant effect on employee commitment, retention and performance.

A study conducted by Tung Nguyen, Khuong Mai and Phuong from Vietnam national university under the title factors affecting employees' organizational commitment of banking staff in Ho chi Minh city, Vietnam in 2013. The study was aimed at exploring factors affecting employees' organizational commitment. By using a quantitative survey of 201 banking staffs in 11 banks in the city, selected according to convenience sampling method confirmed the impact of a set of high performance human resource managerial practices on organizational commitment. So Based on the findings human resource practices like team work, relationship with management as well as working environment and conditions plays the most influential role in predicting organizational commitment. On the other hand, compensation and career development do not affect organizational commitment of bank staffs at Ho Chi Minh.

According to an empirical research conducted by Irshad M., under the title "Factors Affecting Employment Retention: Evidence from Literature Review", the researcher describes the relationship between human resource practices and employees retention in a given organization. The research reviews relevant literature to identify elements of HR practices that influence employee retention. Over the past decade, the way in which people are managed and developed at work has come to be recognized as one of the primary factors in achieving improvement in organizational performance. According to Irshad (2012), from literature review it is recognized that human resource management play pivotal role in employee's retention. Researcher's finds that human resource management practices in compensation & rewards, job security, training & developments, supervisor support culture, work

environment and organization justice can help to reduce absenteeism, employee retention and better quality work.

## **2.10. Conceptual Framework**

Reducing employee turnover through retention practices is an area of great interest to employers. Retention practices applied by an organization will have an impact on employees' organizational commitment. Employees who are committed will contribute to for achievement of an organization goal and its success.

The conceptual frame work below describes the relationship between the independent and dependent variables. The independent variables include different retention practices that affect organizational commitment: Compensation, job security, training and development, supervisors support culture, work environment and organizational justice. The dependent variable is organizational commitment. The conceptual framework shows the effect of the independent variables compensation, job security, training and development, supervisors support culture, work environment and organizational justice on the dependent variable of organizational commitment. This conceptual framework is developed as per the above empirical research conducted by Irshad M. (2012).

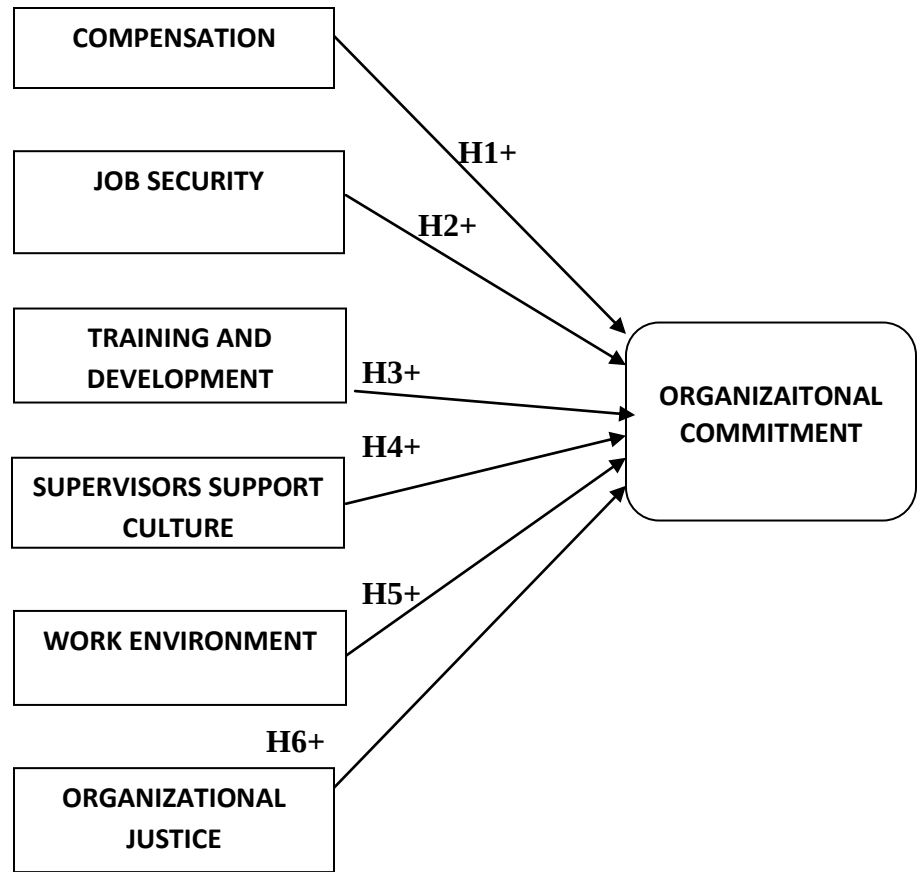


Fig.1.1 conceptual frame work of the study

## 2.11 Research Hypothesis

Based on the literature review and findings of different researchers the following hypotheses are derived.

H1: The Compensation strategy of employee retention is positively and significantly related to organizational commitment in CBE AA.

H2: The job security is positively and significantly related to organizational commitment in CBE AA.

H3: The training and development positively and significantly related to organizational commitment in CBE AA.

H4: The supervisor support positively and significantly related to organizational commitment in CBE AA.

H5: The supervisor support positively and significantly related to organizational commitment in CBE AA.

H6: The Organizational justice and significantly related to organizational commitment in CBE AA.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

The objective of this research is to examine the factors influencing organizational commitment in CBE. The research methodology used to achieve this objective is below. The subsections in this chapter include research approach, research design, population and sample size, sampling design, data source and type, data collection procedure, data source and type, reliability and validity, ethical consideration and method of data analysis.

#### **3.1. Research Approach**

The study has applied quantitative data (quantitative method research) in order to study the factors influencing organizational commitment. The data was collected using questionnaire. This is because questionnaire helps to collect data from a large no of respondents.

#### **3.2. Research Design**

Business research can be classified on the basis of either technique or purpose. One is based on their purpose. In terms of their purpose we can divide the research into exploratory, descriptive or causal (explanatory). Matching the particular decision with the right type of research is important in obtaining useful research results (William, Barry, Carr and Griffin, 2010).

The study used an explanatory design to find out the effect of employee retention practice on organizational commitment. Explanatory researches are studies that establish causal relationship between variables.

### **3.3. Population and Sample**

As discussed above, this research is aimed at examining factors influencing organizational commitment in Commercial Bank of Ethiopia Addis Ababa. Therefore, the total population of the research is employees of CBE who are working at different branches of the bank located in Addis Ababa. This includes 7135 professional and managerial employees.

#### **3.3.1 Sampling Technique**

Though, incorporating all employees' ideas on the analysis would have been better for conclusion and generalization, economically and operationally it will be very difficult to contact all employees in the research. Therefore taking a representative sample of the population of the employees was found to be feasible

First using Cluster sampling technique the total population was divided into four areas. These are North, south and east and west Addis Ababa districts.

Then Stratified random sampling was used to select samples from different branches at each district. As it is mentioned in Kothari (2004), stratified sampling results in more reliable and detailed information and enables to get more representative samples. The different branches found under the four districts in Addis Ababa were taken as stratas.

#### **3.3.2 Sample Size Determination**

In order to find sample size the following formula of Yemane (1967) was used

$$n = \frac{N}{1 + N(e)^2}$$

Where n= Number of Samples

N= Total tolerance and

e = Error tolerance

$$n = \frac{7135}{(1 + 7135 \times 0.0049)} = 198$$

The total sample size was allocated to the four districts proportional to their population size by the

Following formula.

$$nX = \frac{NX}{N} \times n$$

Table 3.1 population and sample size of the study

| No           | District Categories | No of Branches | No of employees | No of selected branches for study | No of Employee respondent |
|--------------|---------------------|----------------|-----------------|-----------------------------------|---------------------------|
| 1            | North District      | 91             | 1948            | 3                                 | 54                        |
| 2            | East District       | 92             | 1802            | 3                                 | 48                        |
| 3            | West District       | 109            | 1666            | 3                                 | 50                        |
| 4            | South District      | 80             | 1719            | 3                                 | 46                        |
| <b>Total</b> | <b>4</b>            | <b>372</b>     | <b>7135</b>     | <b>12</b>                         | <b>198</b>                |

Source from corporate HR development of CBE December, 2016

### 3.4. Data Source and Type

According to William et al, (2010), there are two types of data, primary and secondary. The primary data are those which are gathered for the first time and thus collected for the case at hand (Kothari, 2004). Secondary data is defined as data that have been previously collected for some purpose other than the one at hand. For the purpose of this study in order to obtain relevant information both primary and secondary data will be used.



For collecting primary data the study was used questionnaires filled by employees of CBE. This is because questionnaires are advantageous in collecting large number of data from large number of respondents and help respondents to fill the questionnaire at their convenient time.

Secondary data from different published and unpublished materials such as books, different articles, journals and the internet are used for reference.

### **3.5. Data Collection Procedures**

Before collecting the data the researcher had received cooperation letter from Addis Ababa University School of Commerce to get a research permit to collect the data from selected branches of CBE. Hard copies of questionnaire were distributed to randomly selected 12 branches of CBE with a possible return period of seven days. Those respondents who need further explanation on the questionnaire were communicated face to face with the researcher so as to minimize the risk of misinterpretation and misconceptions. Responses were collected personally by the researcher.

### **3.6. Instrument of Data Collection**

As it has been stated before questionnaire was used to collect data for this study. The questionnaire contains close ended questions and has two parts. The first one is the demographic part containing questions regarding the respondents' gender, age category, educational level...etc. The other part contains questions related with the independent variables (compensation, job security, training and development, supervisor support culture, work environment, organizational justice) and the dependent variable organizational commitment with five point likert scale that will have five different levels of conformity; strongly agree,

agree, neutral, disagree, and strongly disagree. The questionnaires are adopted from Allen & Meyer (1990) commitment scale items and from various previous post graduate theses

### **3.7 Reliability and Validity of the Instrument**

Validity refers to the extent to which a test measures what we actually wish to measure. Reliability has to do with the accuracy and precision of a measurement procedure. (Kothari, 2004). The questionnaire was pre-tested with 20 employees to test the content validity of the instrument and also to check the clarity, length, word ambiguity and structure and their suggestion were incorporated before the final distribution of the questionnaire.

Cronbach's Alpha was used to measure the reliability. Cronbach's alpha is a coefficient of reliability Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Ideally, the Cronbach's alpha coefficient of a scale should be above 0.70. (Pallant, 2005).

Accordingly, the following tables show the Cronbach's alpha result of the questionnaires

Table 3.2 summary of measures

| Variable                  | No. of Items in the Scale | Cronbach's Alpha Result |
|---------------------------|---------------------------|-------------------------|
| Organizational commitment | 9                         | .901                    |
| Compensation              | 7                         | .801                    |
| Job Security              | 4                         | .712                    |
| Training and development  | 8                         | .855                    |
| Supervisor support        | 7                         | .867                    |
| Work environment          | 7                         | .912                    |
| Organizational justice    | 6                         | .992                    |

The results from analysis indicated that the Cronbach's Alpha value for each variable is above 0.70. This suggested that the internal reliability in this study was acceptable and signified to be good

### **3.8. Ethical Consideration**

The student researcher had maintained all ethical code of conduct while collecting and analyzing data. The data were collected based on the consent or willingness of participants. Respondents were informed about the objective of the study. Also the study provides anonymity, means the information from the respondents was confidential and was not used for any personal interest. In addition there was equal consideration of collected responses throughout the process regardless of the personal opinion of the researcher.

### **3.9. Method of Data Analysis**

Data collected through questionnaire for this study were analyzed using both descriptive and inferential statistics.

Descriptive statistics was computed to obtain a general understanding of the respondents' demographic characteristics (sex, age, educational level, service year and position of respondents) by using frequency and percentage. Inferential statistics (Pearson correlation and multiple regression) were employed to analyze data of the present study.

Correlation analysis was conducted to examine the relationship between the independent variables (compensation, job security, training and development, supervisor support, working environment and organizational justice with the dependent variable organizational commitment.

Multiple regression analyses were carried out in order to determine the explanatory power of the independent variables on organizational commitment

## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRITATION**

This chapter deals with presentation analysis as well as interpretation the data collected using questionnaire. The collected data were described and analyzed using statistical tools: Descriptive and inferential statistics including multiple regressions with the help of SPSS.

#### **4.1. Response Rate of Respondents**

As stated in the previous chapter, the questionnaires were distributed to a total of 198 employees' of CBE. However, only 185 questionnaires were appropriately filled and returned. Out of the total sample 11 questionnaires were uncollected and the remaining 3 questionnaires were rejected due to incomplete responses. And this gives a 93.4 % return rate.

#### **4.2. Demographic information of respondents**

Under this section the data collected about the general background of the respondents is presented. The demographic information of respondent gathered for this study was gender, age, educational attainment, service year and position in the organization.

Table 4.1. Demographic Characteristics of the Respondents

| <b>Variables</b>         | <b>Category</b>                 | <b>Frequency</b> | <b>Percent</b> | <b>Cumulative percent</b> |
|--------------------------|---------------------------------|------------------|----------------|---------------------------|
| <b>Gender</b>            | Male                            | 119              | 64.3           | 64.3                      |
|                          | Female                          | 66               | 35.7           | 100                       |
|                          | Total                           | 185              | 100            |                           |
| <b>Age</b>               | 18-25                           | 45               | 24.3           | 24.3                      |
|                          | 26-35                           | 103              | 55.7           | 80.0                      |
|                          | 36-45                           | 26               | 14.1           | 94.1                      |
|                          | 46 & Above                      | 11               | 5.9            | 100                       |
|                          | Total                           | 185              | 100            |                           |
| <b>Educational level</b> | Diploma                         | 14               | 7.6            | 7.6                       |
|                          | Degree                          | 149              | 80.5           | 88.1                      |
|                          | Masters                         | 22               | 11.9           | 100                       |
|                          | Total                           | 185              | 100            |                           |
| <b>Service year</b>      | 1-3                             | 82               | 44.3           | 44.3                      |
|                          | 4-6                             | 57               | 30.8           | 75.1                      |
|                          | 7-9                             | 22               | 11.9           | 87.0                      |
|                          | Above 10yrs                     | 24               | 13.0           | 100                       |
|                          | Total                           | 185              | 100            |                           |
| <b>position</b>          | Customer service officer        | 112              | 60.54          | 60.5                      |
|                          | Senior customer service officer | 59               | 31.89          | 92.4                      |
|                          | Customer service manager        | 10               | 0.54           | 97.8                      |
|                          | Manager                         | 4                | 0.02           | 100                       |
|                          | Total                           | 185              | 100            |                           |

Table 4.1 shows the distribution of respondents by gender and Out of 185 respondents 119 (64.3%) were males while 66(35.7%) were females. This indicates that majority of the employees in the bank are male. This implies that the male population of the bank has the chance to be represented in every matter.

With regard to respondents` age category, 45(24.3%) of the respondents are in the range of 18-25 years, 103(55.7%) are in the range of 26-35 years, 26(14.1%) are in the range of 36-45 years and 11(5.9%) are above 46 years old. From this result we can observe that majority of the respondents are between the age of 18-35 years of age. This implies that majority of employees of CBE are young and they are more volatile to turnover. Younger employees are more likely to leave their current organization than older employees (Döckel, 2003).

It is evidenced that the employees of Commercial Bank of Ethiopia hold a range of educational qualification from Diploma to Master's Degree level. The majority of the respondents which represents 80.5% (149 in number) were Degree holders followed by Masters Degree holders which represents 11.9 % ( 22 in number), while the remaining 7.6 % (14 in number) of the respondents were Diploma holders. This implied that the bank has fairly educated employees.

Table 4.1 indicates that the majority 82 (48.5%) of the respondents have been working in the bank for less than three years. Similarly 57 (30.8%), 24 (13.0%) and 22 (11.9%) of them served the bank for 4-6 years, above 10 years and 7-9 years respectively. implies that the bank needs to work on how to retain its work force since it is assumed that employees with this level of service period are in an early stage of developing organizational commitment.

It also show that majority of the employees which account 112(60.54%) of the respondents were customer service officers. 31.89% of the respondents were customer service managers, 10(0.54%) of respondents were customer service managers where as 4(0.02%) of them were managers.

#### **4.3. Response of Employees Regarding Factors Influencing Organizational Commitment**

This section contains the response of employees for the questions related with compensation, job security, training and development, work environment, supervisor support and organizational justice as well as organizational commitment in its affective continuance and normative dimensions are presented

### 4.3.1. Compensation

**Table 4.2. Employees response regarding compensation**

| Items                                                                                                      | Strongly Disagree |      | Disagree |      | Neutral |     | Agree |      | Strongly Agree |      |
|------------------------------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|-----|-------|------|----------------|------|
|                                                                                                            | F                 | %    | F        | %    | F       | %   | F     | %    | F              | %    |
| I feel I am being paid a fair amount for the work I do.                                                    | 47                | 25.4 | 104      | 56.2 | 7       | 3.8 | 19    | 10.3 | 8              | 4.3  |
| I feel my payments are enough to support my life style.                                                    | 26                | 14.1 | 122      | 65.9 | 4       | 2.2 | 21    | 11.4 | 12             | 6.5  |
| I feel there are sufficient types of benefits (e.g. Health care benefits, House allowance, fuel allowance) | 15                | 8.1  | 96       | 51.9 | 9       | 4.9 | 36    | 19.5 | 28             | 15.1 |
| I feel satisfied with my chances for salary increments.                                                    | 17                | 9.2  | 129      | 69.7 | 11      | 5.9 | 25    | 13.5 | 3              | 1.6  |
| If I perform my work well, I can get more money (in the form of bonus, Overtime...etc).                    | 61                | 32.9 | 86       | 46.5 | 10      | 5.4 | 13    | 7    | 15             | 8.1  |
| I earn the same as or more than other people in a similar job                                              | 21                | 11.4 | 121      | 65.4 | 9       | 4.9 | 30    | 16.2 | 3              | 1.6  |
| All tasks to be accomplished are associated with incentives                                                | 53                | 28.6 | 90       | 48.6 | 12      | 6.5 | 11    | 5.9  | 9              | 10.3 |

The above table shows that majority 81.6% and 80 % of the respondents respectively feel that they are not paid a fair amount for the work they perform and their payments are not enough to support their life style. 51.9% of the respondents disagree that there are sufficient type of benefits. Also 78.9 of them are not satisfied with the chances for salary increment. 79.4% respondents' explain that the amount they get in the form of bonus and overtime is not attractive. In addition majority 76.8% of the respondents believe that they get less than other people in a similar job. And more than 50% of them state that incentives for accomplishment of tasks are not enough. Therefore we can say that employees are not satisfied with compensation provided by the bank.



### 4.3.2. Job Security

**Table 4.3. Employees response regarding job security**

| Items                                                                                | Strongly agree |       | Agree |      | Neutral |     | Disagree |      | Strongly Disagree |      |
|--------------------------------------------------------------------------------------|----------------|-------|-------|------|---------|-----|----------|------|-------------------|------|
|                                                                                      | F              | %     | F     | %    | F       | %   | F        | %    | F                 | %    |
| I feel very secured in my present job.                                               | 31             | 16.7  | 85    | 45.9 | 14      | 7.6 | 24       | 13   | 26                | 14.1 |
| My fellow team members also feel secure with their present job.                      | 24             | 12.97 | 138   | 74.6 | 8       | 4.3 | 9        | 4.8  | 6                 | 3.2  |
| The company has a policy to sack (layoff) employees that do not meet the set target. | 12             | 6.4   | 8     | 4.3  | 10      | 5.4 | 118      | 63.8 | 30                | 16.2 |
| I feel my job is secured as long as I achieve the set target.                        | 3              | 1.6   | 9     | 4.9  | 14      | 7.6 | 131      | 70.8 | 28                | 15.1 |

Table show that majority 45.9% of the respondents agree that they feel secured in their present job. Further, about 16.7% even strongly agree on their feeling of security on the job, 7.6% of the respondents were neutral on this matter, 13% and 14.1% were disagree and strongly disagree respectively. Related to this 74.6% of the respondents also agree on the security of their fellow team members. This implies employees of the bank feel secured in their job.

5.4% and 16.2% of the respondents agree and strongly agree that the bank has policy to layoff employees that do not meet the set target. Were as majorities 64.8% were neutral. On the other hand most respondents were also neutral for the item ‘I feel my job is secured as long as I achieve the set target.

### 4.3.3. Training and Development

**Table 4.4. Employees response regarding training and development**

| Items                                                                                                          | Strongly Disagree |      | Disagree |      | Neutral |      | Agree |      | Strongly Agree |      |
|----------------------------------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|------|-------|------|----------------|------|
|                                                                                                                | F                 | %    | F        | %    | F       | %    | F     | %    | F              | %    |
| My organization has full-fledged training and development department manned with competent professionals.      | 6                 | 3.2  | 23       | 12.4 | 11      | 5.9  | 126   | 68.1 | 19             | 10.3 |
| My organization has provided me with training opportunities that enables me to do my job as required.          | 9                 | 4.9  | 123      | 66.5 | 9       | 4.9  | 21    | 11.4 | 23             | 12.4 |
| I have enough training that enables me to do my job as required                                                | 8                 | 4.3  | 130      | 70.3 | 7       | 3.8  | 35    | 18.9 | 5              | 2.7  |
| When employees arrive from training Supervisors encourage them to share what they have learned with employees. | 8                 | 4.3  | 120      | 64.9 | 13      | 7    | 28    | 15.1 | 16             | 8.6  |
| My organization links training and development with our company business strategy                              | 21                | 11.4 | 105      | 56.8 | 16      | 8.6  | 37    | 20   | 6              | 3.2  |
| Supervisors give employees the chance to try out their training on the job immediately                         | 5                 | 2.7  | 123      | 66   | 15      | 8.1  | 24    | 13   | 18             | 9.7  |
| Job aid(resources or technology) are available on the job to support what employees learned in training        | 5                 | 2.7  | 27       | 14.6 | 114     | 61.6 | 35    | 18.9 | 4              | 2.2  |
| Employees who use their training are given preference for new assignments.                                     | 110               | 59.4 | 26       | 14   | 19      | 10.3 | 23    | 12.4 | 7              | 3.8  |

Majority of respondents (78.4%) believe that the bank has a full-fledged training and development department manned with competent professionals.

11.4% and 12.4 % of respondents agree and strongly agree that the bank provided sufficient training opportunities for employees. Whereas 4.9 remain neutral. However most of the respondents 71.4 % respond that the training opportunities provided by the bank were not

satisfactory. Also 69.2 % of the participants stated that supervisors do not encourage trained employees to share what get form the training to other employees.

56.8% and 11.4% disagree and strongly disagree with the idea that the organization links training and development with the bank's strategy. Whereas 8.6% of them were neutral. Only 23.2% of them think training provided by the bank was linked with CBE's strategy. The more training of an organization linked with the strategy the more employees are committed to exert their effort to achieve the company's objective

Most responses 66% show that supervisors do not give employees the chance to try out their training on the job. 61.6 % of respondents were neutral for the item 'Job aid (resources or technology) are available on the job to support what employees learned in training'. 59.5 % of respondents explain that employees who use their training are not given preferences for new assignments.

Generally even if the bank has full fledged training and development department managed with competent professional the training and development practice of the bank is not good and needs improvement.

#### 4.3.4. Supervisor Support Culture

**Table 4.5. Employees response regarding supervisor support culture**

| Items                                                                                                              | Strongly Disagree |      | Disagree |      | Neutral |      | Agree |      | Strongly Agree |      |
|--------------------------------------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|------|-------|------|----------------|------|
|                                                                                                                    | F                 | %    | F        | %    | F       | %    | F     | %    | F              | %    |
| My immediate supervisor is impartial                                                                               | 19                | 10.3 | 39       | 21.1 | 30      | 16.2 | 89    | 48.1 | 8              | 4.3  |
| My immediate supervisor gives me feedback that helps me improve my performance                                     | 32                | 17.3 | 95       | 51.4 | 13      | 7    | 39    | 21.1 | 6              | 3.2  |
| My immediate supervisor follows through on commitments                                                             | 3                 | 1.6  | 21       | 11.4 | 16      | 8.6  | 122   | 65.9 | 23             | 12.4 |
| I receive coaching and training from my immediate supervisor                                                       | 12                | 6.5  | 112      | 60.5 | 16      | 8.6  | 38    | 20.5 | 7              | 3.8  |
| I receive credit from my immediate supervisor for a job well done                                                  | 110               | 59.5 | 14       | 7.6  | 16      | 8.6  | 22    | 11.9 | 23             | 12.4 |
| I feel my job performance is fairly evaluated.                                                                     | 6                 | 3.2  | 120      | 64.9 | 11      | 5.9  | 39    | 21.1 | 9              | 4.9  |
| My immediate supervisor tries to understand my point of view when he or she discusses problems or projects with me | 43                | 23.2 | 82       | 44.3 | 13      | 7    | 31    | 16.7 | 16             | 8.65 |

47% of the respondents believe that their immediate supervisor is impartial. It means supervisors do not treat employees equally. 68.7% of respondents do not agree that they receive training feedback from their supervisors on the other hand 65.9% and 12.4% of respondents agree and strongly agree that their supervisor did follow up. However, 67% of them do not support the idea that they receive coaching from their supervisor. Also most respondents agree that they do not receive credit for a good job, fair performance evaluation and so on. Therefore we can say that the relation between supervisors and employees in CBE is not good.

### 4.3.5. Work Environment

**Table 4.6 employees response regarding work environment**

| Items                                                                                                                                   | Strongly Disagree |     | Disagree |      | Neutral |      | Agree |      | Strongly Agree |      |
|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----|----------|------|---------|------|-------|------|----------------|------|
|                                                                                                                                         | F                 | %   | F        | %    | F       | %    | F     | %    | F              | %    |
| The physical working conditions (e.g., heating, ventilation, layout , cleanliness) are generally very good                              | 5                 | 2.7 | 26       | 14.1 | 11      | 5.9  | 119   | 64.3 | 24             | 13   |
| Individual differences are respected here (e.g. religion, gender, race, educational background...etc.)                                  | 8                 | 4.3 | 23       | 12.4 | 6       | 3.2  | 117   | 63.2 | 31             | 16.8 |
| The culture and emotional climate of the company is generally positive and supportive.                                                  | 12                | 6.5 | 24       | 13   | 10      | 5.4  | 109   | 59   | 30             | 16.2 |
| I believe in and take pride in my work and my workplace                                                                                 | 3                 | 1.6 | 9        | 4.9  | 14      | 7.6  | 131   | 70.8 | 28             | 15.1 |
| At work, I am accepted for the person I am                                                                                              | 5                 | 2.7 | 18       | 9.8  | 27      | 14.6 | 32    | 17.3 | 103            | 55.7 |
| I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings by the upper administration. | 6                 | 3.2 | 19       | 10.3 | 113     | 61.1 | 10    | 5.4  | 37             | 20   |
| The rewards for success are greater than the penalties for failure.                                                                     | 8                 | 4.3 | 15       | 8.1  | 14      | 7.6  | 140   | 75.7 | 8              | 4.52 |

64.3% of the respondents agree that the physical working conditions (e.g., heating, ventilation, layout, cleanliness) are generally very good. And 63.2% agree that Individual differences are respected. And most of the employees agree that the culture and emotional climate of the company is generally positive and supportive, feel that they are accepted and treated with courtesy and the rewards for success are greater than the penalties for failure. Therefore, it can be said that the working environment is conducive for employees

### 4.3.6. Organizational Justice

**Table 4.7. Employees response regarding organizational justice**

| Items                                                                                                                      | Strongly Disagree |      | Disagree |      | Neutral |      | Agree |      | Strongly Agree |      |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|------|-------|------|----------------|------|
|                                                                                                                            | F                 | %    | F        | %    | F       | %    | F     | %    | F              | %    |
| I feel my rewards are fair when compared to those who work the same level of work as I do.                                 | 25                | 13.5 | 26       | 14.1 | 11      | 5.9  | 94    | 50.8 | 24             | 13   |
| In my company, I believe there is a fair distribution of rewards and benefits.                                             | 21                | 11.3 | 8        | 4.3  | 10      | 5.4  | 116   | 73.5 | 30             | 16.2 |
| I believe I have access to information regarding distribution of benefits and rewards for my understanding and comparison. | 31                | 16.7 | 9        | 4.6  | 14      | 7.6  | 103   | 55.6 | 28             | 15.1 |
| I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration.   | 15                | 8.1  | 9        | 4.9  | 21      | 11.3 | 115   | 62.1 | 25             | 13.5 |
| I believe I will try to create justice if I feel there is unfair distribution of benefits and rewards.                     | 6                 | 3.2  | 9        | 4.8  | 8       | 4.3  | 138   | 74.6 | 24             | 12.9 |
| I believe I am being treated with the necessary dignity and respect.                                                       | 26                | 14.1 | 24       | 13   | 14      | 7.6  | 85    | 45.9 | 31             | 16.7 |

Regarding organizational justice, more than half of the respondents agree that their rewards are fair when compared to those who work the same level of work within the bank. 70.7% of the respondents believe that they have access to information regarding distribution of benefits and rewards for their level of understanding and comparison. Also 62.1 % and 87.5% of the participants believe that their opinions regarding fair distribution of benefits will be taken into consideration by the upper administration and also can create justice if there is unfair distribution of benefits and reward respectively. As well as most of the participant support the idea that they are treated with the necessary dignity and respect. This implies that employees believe there is organizational justice in CBE.

### 4.3.7. Affective Commitment

**Table 4.8. Employees response regarding affective commitment**

| Items                                                                       | Strongly Disagree |      | Disagree |      | Neutral |     | Agree |      | Strongly Agree |      |
|-----------------------------------------------------------------------------|-------------------|------|----------|------|---------|-----|-------|------|----------------|------|
|                                                                             | F                 | %    | F        | %    | F       | %   | F     | %    | F              | %    |
| I would be very happy to spend the rest of my career with this organization | 116               | 62.7 | 20       | 10.8 | 9       | 4.9 | 34    | 18.4 | 6              | 3.2  |
| This organization has a great deal of personal meaning for me.              | 16                | 8.6  | 120      | 64.9 | 9       | 4.9 | 34    | 18.4 | 6              | 3.2  |
| I enjoy discussing about my organization with people outside it.            | 20                | 10.8 | 76       | 41.1 | 14      | 3.8 | 33    | 17.8 | 42             | 22.7 |

From a total of 185 respondents' 136(73.5%) of the respondents responded that they are not happy to spend the rest of their career with CBE. were as 9(4.9%) of them were neutral. Only 40(21.6 %) were happy to spend the rest of their career in the bank. This shows that majority of the employees leave the bank if they get another offer.

In addition, 8.6 and 64.9 of respondents strongly agree and disagree with the idea that the bank has a great deal of personal meaning for them. 4.9% were neutral, where as the remaining 18.4% and 3.2% agreed and strongly agree that the bank has great personal meaning for them.

More than half of the respondents do not enjoy discussing about CBE with other people. And 3.8 of respondents were neutral in this case. Whereas 17.8% and 22.7% agree and strongly agree that they enjoy talking about their organization with other people. i.e. from this results we can conclude that employees are not affectively committed to the bank.

### 4.3.8. Continuance Commitment

**Table 4.9. Employees response regarding continuance commitment**

| Items                                                                                | Strongly Disagree |      | Disagree |      | Neutral |     | Agree |      | Strongly Agree |     |
|--------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|-----|-------|------|----------------|-----|
|                                                                                      | F                 | %    | F        | %    | F       | %   | F     | %    | F              | %   |
| It would be very hard for me to leave my organization right now, even if I wanted to | 108               | 58.3 | 21       | 11.4 | 17      | 9.1 | 35    | 18.9 | 4              | 2.2 |
| Too much in my life would be disrupted if I decided to leave my organization now.    | 19                | 10.3 | 117      | 63.2 | 10      | 5.4 | 28    | 15.1 | 11             | 5.9 |
| Right now, staying with my organization is a matter of necessity as much as desire.  | 11                | 5.9  | 121      | 65.4 | 15      | 8.1 | 30    | 16.2 | 8              | 4.3 |

With regard to continuance commitment, 69.7% of the respondents explain that it is not hard for them to leave the bank right now, 9.1 stay neutral for this matter. Only 21.1% of the employees feel that it is hard for them to leave the bank even if they wanted to.

10.3% and 63.2% of the respondents strongly disagree and disagree with the idea that their life would be disrupted if they decide to leave the bank right now. 5.4% of them were neutral. Were as 15.1% and 5.9 of respondents agree and strongly agree that their life would be distrusted if they leave CBE.

71.3% of the respondents feel that staying in the bank is not a matter of necessity for them. And 8.1 were neutral. Some respondents 12.3% feel the reverse that staying in the bank is a matter of necessity for them as much as desire. So based on this one can say that employees of CBE has low continuance commitment.



### 4.3.9 Normative Commitment

**Table 4.10 Employees response regarding normative commitment**

| Items                                                                                                                     | Strongly Disagree |      | Disagree |      | Neutral |      | Agree |      | Strongly Agree |     |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|------|----------|------|---------|------|-------|------|----------------|-----|
|                                                                                                                           | F                 | %    | F        | %    | F       | %    | F     | %    | F              | %   |
| I feel that I owe this organization quite a bit because of what it has done for me.                                       | 87                | 47   | 28       | 15.1 | 15      | 8.1  | 35    | 18.9 | 6              | 3.2 |
| If I got another offer for a better job elsewhere, I would not feel right to leave my organization.                       | 106               | 57.2 | 32       | 17.2 | 11      | 5.9  | 31    | 16.8 | 5              | 2.7 |
| One of the major reasons I continue to work in this organization is because I feel a sense of moral obligation to remain. | 96                | 51.8 | 18       | 9.7  | 35      | 18.9 | 24    | 12.9 | 12             | 6.4 |

As it can be seen from the table above 47% and 15.1% of the respondents strongly disagree and disagree respectively for the item “I feel that I owe this organization quite a bit because of what it has done for me. Were as 8.1% of the respondents were neutral. While the remaining 18.9% and 3.2 % agree and strongly disagree on this matter.

57.2% of the respondents explain that they would leave the bank right away is they got another better job elsewhere. And majority 51.8 and 9.7% of the respondents strongly disagree and disagree with the idea that they continue to work in the bank because they fee a sense of moral obligation to remain. I.e. we can say that normative commitment of employees in CBE is low.

### 4.4. Mean Distribution of Variables

In this section, the collected data was entered and reported using SPSS. The mean and standard deviation value of each variable is presented and analyzed.

Table: 4.11: Mean distribution of variables

| variables                    | N   | Mean   | Std.<br>Deviation(SD) |
|------------------------------|-----|--------|-----------------------|
| Compensation                 | 185 | 2.2661 | .77507                |
| Job Security                 | 185 | 3.6662 | .63770                |
| Training and<br>Development  | 185 | 2.4705 | .94410                |
| Supervisor Support           | 185 | 2.1596 | .85902                |
| Working Environment          | 185 | 3.7889 | .57366                |
| Organizational Justice       | 185 | 3.8042 | .58034                |
| Organizational<br>Commitment | 185 | 2.1648 | .99039                |
| Valid N(listwise)            | 185 |        |                       |

Table 4.4 shows the mean and standard deviation of variables such as compensation, job security, training and development, supervisor support, working environment and organizational justice rated by respondents. Descriptively, the average or mean level of organizational commitment in Commercial Bank of Ethiopian was 2.16 (SD = 0.99) on a five-point Likert Scale. This implies that, the level of commitment of employees in the bank was low.

The result also show that, the mean values of job security (M=3.66, SD=0.77), working environment (M=3.78, SD=0.57) and organizational justice (M=3.80, SD=0.58) were above average. This means employees were somewhat satisfied with job security, working environment and organizational justice. But mean value of compensation (M=2.26, SD=0.77), training and development (M=2.47, SD=0.94) as well as supervisor support(M=2.15, SD=0.85) were below average this indicate that employees of the bank in general were not happy with their compensation scheme, not happy with training and development opportunity and don't feel they are supported enough by their respective supervisor, thus are not committed to the organization.

## 4.5 The Relationship between Independent and Dependent Variable

The Pearson's Product Movement Correlation Coefficient was computed to determine the relationships between compensation, job security, work environment, training and development, supervisor support and organizational justice with organizational commitment. Correlation analysis is a useful way of exploiting relation (association) among variables.

**Table:4.12 Correlation among dependent and independent variables.**

|                       |                 | Correlations           |                  |                  |                                |                              |                      |                            |
|-----------------------|-----------------|------------------------|------------------|------------------|--------------------------------|------------------------------|----------------------|----------------------------|
|                       |                 | orgnizational<br>_comm | compensati<br>on | job_secur<br>ity | trainingan<br>ddevelopm<br>ent | suppervis<br>er_support<br>t | work_envi<br>ronment | organization<br>al_justice |
| orgnizational_comm    | Pearson         | 1                      |                  |                  |                                |                              |                      |                            |
|                       | Correlation     |                        |                  |                  |                                |                              |                      |                            |
|                       | Sig. (2-tailed) |                        |                  |                  |                                |                              |                      |                            |
| Compensation          | N               | 185                    |                  |                  |                                |                              |                      |                            |
|                       | Pearson         | .688**                 | 1                |                  |                                |                              |                      |                            |
|                       | Correlation     |                        |                  |                  |                                |                              |                      |                            |
| job_security          | Sig. (2-tailed) | .000                   |                  |                  |                                |                              |                      |                            |
|                       | N               | 185                    | 185              |                  |                                |                              |                      |                            |
|                       | Pearson         | .607**                 | .610**           | 1                |                                |                              |                      |                            |
| Training &development | Correlation     |                        |                  |                  |                                |                              |                      |                            |
|                       | Sig. (2-tailed) | .000                   | .000             | .000             |                                |                              |                      |                            |
|                       | N               | 185                    | 185              | 185              |                                |                              |                      |                            |
| supperviser_support   | Pearson         | .747**                 | .759**           | .612**           | 1                              |                              |                      |                            |
|                       | Correlation     |                        |                  |                  |                                |                              |                      |                            |
|                       | Sig. (2-tailed) | .000                   | .000             | .000             | .000                           |                              |                      |                            |
| work_environment      | N               | 185                    | 185              | 185              | 185                            | 1                            |                      |                            |
|                       | Pearson         | .773**                 | .606**           | .563**           | .769**                         | .244**                       | 1                    |                            |
|                       | Correlation     |                        |                  |                  |                                |                              |                      |                            |
| orgnizational_justice | Sig. (2-tailed) | .000                   | .000             | .000             | .000                           | .001                         | .000                 |                            |
|                       | N               | 185                    | 185              | 185              | 185                            | 185                          | 185                  |                            |
|                       | Pearson         | .314**                 | .437**           | .842**           | .292**                         | .310**                       | .983**               | 1                          |
|                       | Correlation     |                        |                  |                  |                                |                              |                      |                            |
|                       | Sig. (2-tailed) | .000                   | .000             | .000             | .000                           | .000                         | .000                 | .000                       |
|                       | N               | 185                    | 185              | 185              | 185                            | 185                          | 185                  | 185                        |

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

As it can be seen from the above Pearson correlation table, organizational commitment (the dependent variable) has a strong and positive relationship with independent variables such as compensation, job security, training and development, supervisor support culture, work environment and organizational support . Hence compensation ( $r=.688$ ,  $P<0.01$ ), job security ( $r=.607$ ,  $P<0.01$ ), training and development ( $r=.747$ ,  $P<0.01$ ), supervisor support culture ( $r=.773$ ,  $P<0.01$ ), work environment ( $r=.314$ ,  $P<0.01$ ), and organizational justice( $r=.388$ ,  $P<0.01$ ) are significantly and positively correlated with organizational commitment in our case company.

Thus, any corresponding change in the independent variables such as increase on compensation, improved supervisory support, improvement in the working environment...etc will have a positive and very strong relative impact on the dependent variable. However, if the changes in the individual independent constructs are not in a positive manner, then its effect on the dependent variable will be negative.

#### 4.6. The effect of Retention Factors on Organizational Commitment

Table :4.13. Multiple Regression Analysis and Model

Model Summary

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1     | .837 <sup>a</sup> | .701     | .691              | .55038                     |

a. Predictors: (Constant), orgnizational\_justice, supervisor\_support, compensation, traininganddevelopment, job\_security, work\_environment

#### ANOVA<sup>a</sup>

| Model        | Sum of Squares | df  | Mean Square | F      | Sig.              |
|--------------|----------------|-----|-------------|--------|-------------------|
| 1 Regression | 126.563        | 6   | 21.094      | 69.636 | .000 <sup>b</sup> |
| Residual     | 53.919         | 178 | .303        |        |                   |
| Total        | 180.482        | 184 |             |        |                   |

a. Dependent Variable: orgnizational\_comm

b. Predictors: (Constant), orgnizational\_justice, supervisor\_support, compensation, traininganddevelopment, job\_security, work\_environment

**Coefficients<sup>a</sup>**

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t    | Sig.  |
|-------|-----------------------------|------------|---------------------------|------|-------|
|       | B                           | Std. Error | Beta                      |      |       |
| 1     | (Constant)                  | -.383      | .277                      |      |       |
|       | compensation                | .327       | .089                      | .256 | 3.666 |
|       | job security                | .563       | .217                      | .363 | 2.600 |
|       | Traininganddevelopme<br>nt  | .294       | .089                      | .290 | 1.055 |
|       | Supervisor support          | .463       | .080                      | .402 | 5.816 |
|       | work environment            | .368       | .457                      | .213 | 3.805 |
|       | Organizational justice      | .026       | .551                      | .015 | 1.047 |

a. Dependent Variable: organizational commitment

The model analysis includes the independent variable (compensation, job security, training and development, supervisor support, work environment and organizational justice) and dependent variable (organizational commitment). As indicated in the above model summary and ANOVA table, the linear combination of the independent variable was significantly related to the dependent variable,  $R=.837$ , adjusted  $R\text{ square}=.691$ ,  $F=69.63$  ( $p=0.000$ ). An estimated 69.1% of total variation in the dependent variable, Organizational Commitment, is jointly explained by the predictors, i.e., compensation, job security, training and development, supervisor support, working environment and organizational justice where as 30.9% is explained by other factors.

#### 4.7 Hypotheses Testing

Based on the above regression multiple regression model the hypothesis of the study are tested and presented as follows:

H1: There is positive and significant relationship between compensation and organizational commitment. The  $P < 0.05$  and the Value of Beta value .256 which shows that 25.6%

variance in organizational commitment is due to compensation. Thus compensation has positive and significant relation with organizational commitment. Therefore H1 is supported.

H2: There is positive and significant relationship between job security and organizational commitment.

The P-value is  $> 0.05$  and the Beta value is .363 which shows that there is positive but insignificant relationship between job security and organizational commitment. Therefore H2 is not supported.

H3: There is positive and significant relationship between training and development and organizational commitment.

p-value is  $< .05$  and B value is .290 which means 29% variance in organizational commitment is due to training and development. And hence training and development has no relationship with organizational commitment. Therefore H3 is supported.

H4: Supervisor support is positively and significantly correlated with organizational commitment.

The fourth hypothesis is positively related with organizational commitment, its p-value  $< 0.05$  and its Beta value is .402. Which means 40.2 % of variance in organizational commitment is due to supervisor support. And hence supervisor support has positive and significant relationship with organizational commitment. Therefore, H4 is supported.

H5: There is positive and significant relationship between work environment and organizational commitment.

Working environment has p-value  $>.05$  and B value is .422 and hence work environment has positive but insignificant relationship with organizational commitment. Therefore H5 is not supported.

H6: There is positive and significant relationship between organizational justice and organizational commitment.

Organizational justice has p-value  $>.05$  and B value is .062 and hence organizational justice has positive but insignificant relationship with organizational commitment. Therefore H5 is not supported.

## CHAPTER FIVE

### Summary of Findings, Conclusions, and Recommendations:

In this section, summary of major findings, conclusions inferred from the data analysis in chapter four, and suggested recommendations are illustrated in detail.

#### 5.1. Summary of Findings:

The effect of retention practice on employee's organizational commitment of commercial bank of Ethiopia was investigated quantitatively and the following major findings were reached:

1. When we look at the arithmetic mean generated by the descriptive statistics, it shows that compensation , supervisor support culture , training and development , and organizational commitment are below the average cut -off point of 3. While other factors such as job security, work environment and organizational justice are above average.
2. When we see the values generated in the Pearson correlation, compensation ( $r=.688, P<0.01$ ), job security ( $r=.607, P<0.01$ ), training and development ( $r=.747, P<0.01$ ), supervisor support culture ( $r=.773, P<0.01$ ), work environment ( $r=.314, P<0.01$ ), and organizational justice( $r=.388, P<0.01$ ) are significantly and positively correlated with organizational commitment as in the direction hypothesized in the case company.
3. Analysis conducted under the multiple regression showed that compensation, job security, training and development...etc explains 69% (adjusted  $R^2 = .69.1$ ) of the dependent variable (Organizational Commitment). This suggests that 69% of employees' organizational commitment level in the bank clearly depends on the independent variables while the remaining 31% is determined by other unaccounted factors.



4. When we see the relative contribution of each of the different independent variables, supervisor support culture (Beta=.402) makes the strongest unique contribution to explaining the dependent variable followed by job security (B=.363), then training and development (B=.290). On the other hand, compensation, work environment, and organizational justice are the list contributors to explaining the dependent variable with beta values of (.256, .213, .015) respectively.

## **5.2. Conclusion**

- 1) The gender balance is a little inclined towards male employees'. The Bank has an educated workforce which, with a little influence on the retention factors, can be committed to the company's best interest. When we see the age composition of the employees, the majority falls under the active age category of 26 and 35. Hence, this age group demands a modern life style and there by a better income. It is concluded that, the majority service period of the employees of the bank (44.3%) falls under 1 to 3 years which shows that the bank has a young and volatile work force that may or may not decide to stick around with the bank for a foreseeable future.
- 2) It is concluded that the Bank's compensation, training and development, supervisor support culture and organizational commitment are below average. Even though the bank applies various retention programs, its effect on employees in eliciting their commitment has not been materialized.
- 3) It is concluded that each independent variable has a positive correlation with the dependent variable (employees' organizational commitment). Thus, in overall analysis, the independent variables explain 69 % of the dependent variable which is very consistent with the researcher's initial assumption.

- 4) Among the independent variables, supervisor support makes the strongest unique contribution to explaining the dependent variable followed by job security and training and development. Hence, a change in the above said variables will result in a substantial change on the dependent variable.

### **5.3. Recommendation**

The bank should seriously consider investing more on its employees in areas of training and development, in improved salary and benefit packages etc so that the productive age and educational level of its employees can be put to better use for the good of the company as well as its stakeholders.

The management of the bank should focus on how to improve compensation, supervisor support culture, and training and development.

To do so, the organization needs to focus on: assessing the overall compensation strategy that is currently being practiced in the industry and by taking that as a benchmark lay down a better compensation scheme, if not an equivalent one.

Conduct need assessment to identify gaps between expected supervisors support culture and the actual practice and address the gap with training and skill updates.

The bank should assess the training need of employees before giving training. Training given to employees must be relevant to the job functions of the employee. Also the bank should link training with the company business strategy so that employees will be more committed to achieve the banks objective. In addition supervisors must give employees the chance to try out their training on the job.

## **Suggestion for Future Research**

This study is conducted only on data collected from Commercial bank of Ethiopia. However, the essence of employees' organizational commitment needs to be researched in all types of industries since it has the potential to help a company to go above and beyond the norms. Moreover, since the research is conducted using a five point liker scale questionnaire for employees respondents might have answered questions being in a state of emotional detachment or for the sake of giving a socially desirable answer. Thus, the research needs to be further strengthened using critical combination of various data collection tools.

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## **Annex A:**

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF COMMERCE

MASTERS OF HUMAN RESOURCE MANAGEMENT

### **Questionnaire to be filled by Employees**

Dear Sir/Madam

This questionnaire has been designed to solicit information purely for academic purposes. This research is conducted as a partial fulfillment of the award of Master degree in Human Resource Management in Addis Ababa University, School of Commerce, under the title; “The Effect of employee retention practice on organizational commitment: the case of CBE ”. Therefore, your participation in giving reliable information has a vital contribution for the success of this study. So, I respectfully request your kind cooperation in answering the questions honestly and rationally. I would like to assure you that the information you provide will be used for research purpose only and all responses will be treated in strict confidentiality.

Note:

- Please don't write your name.
- Please answer by putting “√” mark on the box with point which highly reflects your idea parallel to your choice.
- Information will be treated confidentially.
- Your honest & unbiased response will greatly contribute for the research to achieve its objectives.

For any questions and comments please contact me through 09-13-74-22-33

Senait Gebru

**I would like to thank you in advance, for your sincere cooperation and valuable assistance for the success of this research!!**



### Part One: Demographic Question

Please put a check (✓) mark just inside the given box in front of each alternative.

1. Gender

☐

1. Male

☐

2. Female

2. Age

☐

1. 18- 25 years old

☐

3. 36-45 years old

☐

2. 26-35 years old

☐

4. 46 and above years old

3. Educational Attainment

☐

1. Diploma

☐

3. Master's Degree

☐

2. Bachelor Degree

☐

4. Other, please specify\_\_\_\_\_

4. For how long have you been employed in this company? (Tenure)

☐

1. 1-3years

3. 7 to 9 years

☐☐

2. 4 to 6 years

☐

4. Above 10 years

5. Position in the Organization

☐

1. Customer service officer

☐

2. Senior Customer Service Officer

3. Customer Service Manager

☐☐

4. manager

☐

5. other \_\_\_\_\_

### Part Two: Retention Factors Questionnaire

Please put (✓) mark against each question that indicate your level of agreement for each question.

5= Strongly Agree, 4 =Agree, 3= Neutral, 2= Disagree, 1=Strongly Disagree

| Ser. No.            | Research Question                                                                                          | Strongly Agree | Agree    | Neutral  | Disagree | Strongly Disagree |
|---------------------|------------------------------------------------------------------------------------------------------------|----------------|----------|----------|----------|-------------------|
| <b>Compensation</b> |                                                                                                            | <b>5</b>       | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b>          |
| 1                   | I feel I am being paid a fair amount for the work I do.                                                    |                |          |          |          |                   |
| 2                   | I feel my payments are enough to support my life style.                                                    |                |          |          |          |                   |
| 3                   | I feel there are sufficient types of benefits (e.g. Health care benefits, House allowance, fuel allowance) |                |          |          |          |                   |
| 4                   | I feel satisfied with my chances for salary increments.                                                    |                |          |          |          |                   |
| 5                   | If I perform my work well, I can get more                                                                  |                |          |          |          |                   |

|                                 |                                                                                                                |          |          |          |          |          |
|---------------------------------|----------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
|                                 | money (in the form of bonus, Overtime...etc).                                                                  |          |          |          |          |          |
| 6                               | I earn the same as or more than other people in a similar job                                                  |          |          |          |          |          |
| 7                               | All tasks to be accomplished are associated with incentives                                                    |          |          |          |          |          |
| <b>Job security</b>             |                                                                                                                | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
| 8                               | I feel very secured in my present job.                                                                         |          |          |          |          |          |
| 9                               | My fellow team members also feel secure with their present job.                                                |          |          |          |          |          |
| 10                              | The company has a policy to sack (layoff) employees that do not meet the set target.                           |          |          |          |          |          |
| 11                              | I feel my job is secured as long as I achieve the set target.                                                  |          |          |          |          |          |
| <b>Training and Development</b> |                                                                                                                | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
| 12                              | My organization has full-fledged training and development department manned with competent professionals.      |          |          |          |          |          |
| 13                              | My organization has provided me with training opportunities that enables me to do my job as required.          |          |          |          |          |          |
| 14                              | I have enough training that enables me to do my job as required                                                |          |          |          |          |          |
| 15                              | When employees arrive from training Supervisors encourage them to share what they have learned with employees. |          |          |          |          |          |
| 16                              | My organization links training and development with our company business strategy                              |          |          |          |          |          |
| 17                              | Supervisors give employees the chance to try out their training on the job immediately                         |          |          |          |          |          |
| 18                              | Job aid(resources or technology) are available on the job to support what employees learned in training        |          |          |          |          |          |
| 19                              | Employees who use their training are given preference for new assignments.                                     |          |          |          |          |          |
| <b>Supervisor Support</b>       |                                                                                                                | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
| 20                              | My immediate supervisor is impartial                                                                           |          |          |          |          |          |
| 21                              | My immediate supervisor gives me feedback that helps me improve my performance                                 |          |          |          |          |          |
| 22                              | My immediate supervisor follows through on commitments                                                         |          |          |          |          |          |
| 23                              | I receive coaching and training from my immediate supervisor                                                   |          |          |          |          |          |

|                               |                                                                                                                                         |          |          |          |          |          |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| 24                            | I receive credit from my immediate supervisor for a job well done                                                                       |          |          |          |          |          |
| 25                            | I feel my job performance is fairly evaluated.                                                                                          |          |          |          |          |          |
| 26                            | My immediate supervisor tries to understand my point of view when he or she discusses problems or projects with me                      |          |          |          |          |          |
| <b>Work Environment</b>       |                                                                                                                                         | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
| 27                            | The physical working conditions (e.g., heating, ventilation, layout , cleanliness) are generally very good                              |          |          |          |          |          |
| 28                            | Individual differences are respected here (e.g. religion, gender, race, educational background...etc.)                                  |          |          |          |          |          |
| 29                            | The culture and emotional climate of the company is generally positive and supportive.                                                  |          |          |          |          |          |
| 30                            | I believe in and take pride in my work and my workplace                                                                                 |          |          |          |          |          |
| 31                            | At work, I am accepted for the person I am                                                                                              |          |          |          |          |          |
| 32                            | I feel accepted and am treated with courtesy, listened to, and invited to express my thoughts and feelings by the upper administration. |          |          |          |          |          |
| 33                            | The rewards for success are greater than the penalties for failure.                                                                     |          |          |          |          |          |
| <b>Organizational Justice</b> |                                                                                                                                         | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
| 34                            | I feel my rewards are fair when compared to those who work the same level of work as I do.                                              |          |          |          |          |          |
| 35                            | In my company, I believe there is a fair distribution of rewards and benefits.                                                          |          |          |          |          |          |
| 36                            | I believe I have access to information regarding distribution of benefits and rewards for my understanding and comparison.              |          |          |          |          |          |
| 37                            | I feel my opinions regarding fair distribution of benefits will be taken into consideration by the upper administration.                |          |          |          |          |          |
| 38                            | I believe I will try to create justice if I feel there is unfair distribution of benefits and rewards.                                  |          |          |          |          |          |
| 39                            | I believe I am being treated with the necessary dignity and respect.                                                                    |          |          |          |          |          |

| <b>Organizational Commitment</b> |                                                                                                                           | <b>5</b> | <b>4</b> | <b>3</b> | <b>2</b> | <b>1</b> |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| 40                               | I would be very happy to spend the rest of my career with this organization                                               |          |          |          |          |          |
| 41                               | This organization has a great deal of personal meaning for me.                                                            |          |          |          |          |          |
| 42                               | I enjoy discussing about my organization with people outside it.                                                          |          |          |          |          |          |
| 43                               | It would be very hard for me to leave my organization right now, even if I wanted to                                      |          |          |          |          |          |
| 44                               | Too much in my life would be disrupted if I decided to leave my organization now.                                         |          |          |          |          |          |
| 45                               | Right now, staying with my organization is a matter of necessity as much as desire.                                       |          |          |          |          |          |
| 46                               | I feel that I owe this organization quite a bit because of what it has done for me.                                       |          |          |          |          |          |
| 47                               | If I got another offer for a better job elsewhere, I would not feel right to leave my organization.                       |          |          |          |          |          |
| 48                               | One of the major reasons I continue to work in this organization is because I feel a sense of moral obligation to remain. |          |          |          |          |          |