

Organizational Climate and Employees' Organizational Commitment
In Commercial Bank of Ethiopia



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Declaration

I, the undersigned, declare that this study entitled “organizational Climate and organizational commitment of employees in Commercial Bank of Ethiopia” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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Certificate

This is to certify that this study, “Organizational Climate and organizational commitment of employees in Commercial Bank of Ethiopia”, undertaken by Bekele Sarbessa for the partial fulfillment of Masters of Business Administration [MBA] at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University.

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ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Organizational Climate and Employees' Organizational Commitment

In Commercial Bank of Ethiopia

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List of Acronyms

SPSS = Statistical Package for Social science

OC = organizational Commitment

OCL=organizational climate

ANOVA= Analysis of Variance

CBE= Commercial Bank of Ethiopia

Abstract

The favorable organizational climate is one of the factors which affect employee's behavior. Studies in the organizational psychology and organizational behavior literatures have shown that organizational climate and employee commitment are major factors to the organizational Success. The purpose of this study was to investigate the relationship between organizational climate and employee's organizational commitment. The research is cross-sectional survey and co relational study in research design. The research approach applied for this study was quantitative approach in nature .The target population of this study was employees of commercial bank of Ethiopia Addis Ababa area, specifically Northern district. From 1796 total population of the Northern district branches of Addis Ababa, 200 employees were selected as the sample of the study. The simple random sampling method was used to the respondents. The standardized questionnaires of organizational climate and organizational commitment were adapted and modified from previous standard questionnaire. To undertake the study, Questionnaires were distributed to 200 employees but, response from 171 respondent's responses were found valid for analysis. Correlation analysis and ordinary linear regression was used to analyze the gathered data. The results of the study indicate that organizational climate has a significant positive relationship with employees' organizational commitment. All climate dimensions used in this study (Trust, Support, Autonomy, Fairness, Reward, and Teamwork) have significant positive relationship organizational commitment. Organizational climate also has significant relationship with the two organizational commitment dimensions (Affective and Normative) but no significant relationship was found with countenance commitment. The regression results show that organizational climate has significant contribution for variability of organizational commitment. Among organizational climate dimensions support and team has highest and lowest contribution for organizational commitment variability respectively. In general the result of the finding indicates that organizational climate has a contribution for the variability of employees' organizational commitment.

Key words: Organizational climate, Organizational commitment

Chapter One: Introduction

1.1.Back ground of the study

Organizations in the 21st century are facing more challenges than ever before. These challenges are not unique to any specific organization or industry, but affect all organizations, regardless of their structure or size. Organizational climate in particular is constantly challenged by changes impacting organizations today (Nair, 2006). From human relations approach, employees have been accepted as the most important component of organizations. In order to make organizations much more effective and productive, perceptions of employees have become more important. As the concept is related to perceptions of employees, organizational Climate has been attracting many researchers (Arabaci, 2011).

Organizational Climate has been described as an experientially based description of the work environment and, more specifically, employees' perceptions of the formal and informal policies, practices and procedures in their organization (Schneider, 2008). (Litwin & Stringer, 1968) also explained organizational climate as, the perceived attributes of an organization and its sub-systems as reflected in the way an organization deals with its members, groups and issues. According to Haritha and Subrahmanyam (2013) organizational climate is a key variable in successful organizations because, organizations that are able to create environments that employees perceive as caring and in which they are able to achieve their full potential are seen as a key source of competitive advantage. Organizational climate influences the morale & attitude of individual towards his work & his environment and it designates the quality of co-operation, the extent of member's commitment to organizational purpose & the efficiency with which the purpose becomes translated into results (Chauhan et al., 2011).

On the other hand, Organizational commitment (OC) has been a popular topic of research in organizational behavior. According to Mowday et al (1979) organizational commitment refer to the extent to which the employee demonstrate a strong desire to remain the member of the organization, the degree of willingness to exert high level of efforts for organization and belief and acceptance of the major goals and values of the organization. Allen, et al (1997) defines OC as a psychological condition that relates the criteria in the employee relationship in the organization and the implications on the decision to remain in the organization. This implies that committed employee will remain in the organization as compared to non-committed employee.

Organizational commitment (OC) occurs when an employee is involved or identifies one with the organization. OC is multidimensional and it is an outcome of one's evaluation of his/her work place (Normala, 2010). According to Decotis(1987) an individual comes to organization with specific skills, and knowledge ,satisfy their desire, and achieve their goals .To the extent that the organization is perceived as facilitating these ends ,the organizational commitment sometime is likely increase. Freedman (2005) also stated that organizational climate can affect how employees perform within an organization because the way people feel and the way they perform are strongly associated with each other. A poor organizational climate characterized by lack of trust, no collaboration, lack of accountability, lack of support, fairness practice and the other contextual factors , may lead to low productivity and possibly high employee turnover and low employee commitment of employees (Freedman, 2005).

1.2.Statement of the problem

Peters and waterman (1982) suggest that effective organizational place high emphasis on their people and consider their most important asset in achieving their goals .Accepting this premises

true has many consequences for organization and how it manages its human resource. Organization should pay attention to how employees perceive their organization practices, work environment and how such work environment elicits commitment to the organization given the fact that employees are the organizations „most important asset. Castro and Martins (2010) stated that an organizational climate in a particular organization is constantly challenged by the increasing number of changes impacting on organizations today. According to them these changes relate to restructures, mergers and acquisitions, technological trends, political and international trends, increased competition as well as the local and international economy. If these changes are not managed appropriately by the organization, they could result in a change in the behavior and perception of individuals employed in the organization.

In addition to favorable organizational climate, Employees“ commitment to the organization is a crucial issue in today's changing world and the level of employees “organizational commitment is influenced by number of factors. Organizational commitment is becoming more important than ever before, because organizations need to ensure that those individuals who add value to their bottom line want to commit in the organization and want to continue pouring their effort into their work to the benefit of the organization (Brown & Leigh, 1996). Chughta & Zafar (2006) explained that commitment is negatively related turnover, absenteeism, counterproductive and positively related to job satisfaction and motivations and non-committed employees may describe the organization in negative terms to outsiders. .

As discussed above, organizational climate plays a very important role on employee“s behavior and in enhancing organizational commitment of employees, inconsequence organizational climate affects organizational outcome positively as well negatively. Understanding that people are the greatest asset an organization has, management in an organization would be expected to

take the time to investigate what may influence an employee or his or her behavior .Therefore organizations need to know how organizational climate affect employee commitment and which organizational climate has an impact on organizational commitment. Zhang (2010) also suggest that more investigation is needed about relationship between different dimensions of organizational climate and all organization commitment and which elements of organization climate have no significant on organization commitment?

Some Previous organizational climate studies have been conducted (McMurray, Scott and Pace, 2004; Iqbal, 2007; Benjamin, 2012; Fauziah etal. 2010 and Arora and Nuseir, 2010; Jyoit 2013) their research finding shows that there is a positive relationship between organizational climate factors and employees commitment to organization. However, these studies were conducted across a range of industries and organizations in foreign countries and their empirical studies have some different conclusion. In addition, some organizational climate dimensions they included in their study were different within their respect studies.

On the other hand the organization climate differs from country to country and from industry to industry (Muchinsky, 1976). Therefore this study was to assess the relationship between organizational climate and organizational commitment in Ethiopian industry and banking sector was purposively selected.

In Ethiopia, currently Banking Industry is increasing in number and the competition among banks is getting a great attention. Hence the workforce and human resource systems to produce corporate- level competencies that create sustainable competitive advantage are the key factors of winning the competition. They need to have employees who are passionate about their work and strive to take their organization to greater heights. Astri (2012) also suggest that organizational commitment is very important for managers in organization either government organization or private sector for their success.

Henceforth, the organization climate factors related with employee's commitment toward their organization and nature of influence that organizational climate has upon organizational commitment of employees within organization and is better to be clearly studied so that it will foster the organizational commitments. Specific empirical study of organizational climate in the banking industry, especially in Ethiopia is somehow limited and the banking sector was purposively selected to undertake this study.

If organizational climate has such critical role in organization and on employee behavior, and if study is needed on the relationship between organization climate and organization commitments, the significance relationship of organization climate dimensions and organization commitment, organization climate study was limited, then the study should be conducted in this area.

Therefore, the purpose of this study was to investigate the relationship between organization climate and organization commitments in general and effects of organizational climate dimensions on organizational commitment in particular, to see organization climate experienced in banking sectors and fill the gap that currently exists in the areas of the relationship organization climate and organization commitment research.

1.3.Objectives of the study

1.3.1. General objective

The general objective of the study was to investigate the relationship between organizational climate and Employee's organization commitment and influence of organizational climate on organization commitment.

1.3.2. Specific objectives

To study the Relationship between organizational climate and its dimensions (Autonomy,

Cohesion of Team workers, Trust, Support, Rewards and Recognition and Fairness) with Organizational Commitment.

To assess the effect of organizational climate on organizational commitment

To investigate which organization commitment dimensions are more affected by organizational climate.

1.4.Research Hypothesis

In order to find out the relationship and effect of organizational climate on Employee's organization commitment, the following hypothesis are proposed depend on the objective of the study, theoretical and empirical literature review. Hence, the results from the literature review were used to establish expectations for the relations of the two variables (independent and dependent variable). Therefore with having theoretical, literature and empirical reviews" in mind the following hypotheses are developed.

H1: There is no significant difference among demographic variable (Age, Gender, work experience and level of education) regarding to their perception between organizational climate and organizational commitment.

H2: Organizational climate has significant positive relationship with organizational commitment.

H3: Organizational climate dimensions (Autonomy, Cohesion, Trust, Support, Rewards and Recognition, and Fairness) have significant positive relationship with organizational commitment,

H4: Organizational climate has significant effect on organizational commitment.

H5: Organizational climate dimensions (Autonomy, Cohesion, Trust, Support, Fairness, cohesion of Team workers, Rewards and Recognition and) have significant effect on organizational commitment

1.5. Significance of the study

This study will provide guidance to the employer of banking organizations. Bank managers and leaders may have the information necessary to increase organizational commitment by making a relationship between organizational climate and employee commitment

Moreover, numerous of previous studies were studied in western environment and there is lack of studies concerning organizational climate and organizational commitment in Commercial Bank of Ethiopia. In Ethiopia's context, adding to study will enriched the existing literatures hence giving a better understanding on the organizational climate from the Ethiopian organizations context

1.6. Delimitation of the study

The study was limited to commercial banks of Ethiopia Branches that exist in Addis Ababa since Ethiopia is too large to cover. The study would be bounded by both area coverage and problem addressed. This study was limited to employees in some selected branches of Commercial bank of Ethiopia located in Addis Ababa and in particular, this paper was covering an insight to the concept the relationship certain organizational climate and organizational commitment.

1.7. Limitation the study

Although there were notable contributions from this study there were certain limitations of this study.

One limitation of this research was the lack of studies conducted in Ethiopia investigating the relationship of organizational climate and organizational commitment, making comparisons with this research impossible. In addition there is no adequate literature which conducted in this area of study.

There is no consensus on the definition of organizational climate, and there is controversy about how the concept should be measured. Another limitation of this study was there is no widely accepted set of organizational climate dimensions and as such studies seldom make use of the same dimensions, which makes it difficult to compare results from one study to the next .

Since the research study was conducted in a certain branches of the bank; it might not be generalized to other organizations. Therefore future research should be conducted on large scale by considering more organizations and banks overall country.

1.8. Structure of the Paper

This thesis is organized into five chapters.

Chapter one is already presented in the current section; the contents of the following chapters are briefed here.

Chapter-2 provides an overview of the state of the art analysis of the existing literature.

Chapter-3 presents the methodology used in this thesis. The chapter includes the research approach as well as describes the data collecting and analysis methods used.

Chapter-4 analyses and presents the research findings obtained through the thesis methodology by showing how each of the research objective has attained and how these findings together contribute to the main purpose of the study.

Finally, Chapter-5 ends the thesis with summary of analysis, discussion of the results, and conclusion.

At the end of the thesis document, references and a set of appendices are included that contain the questionnaires of the survey forms used to collect primary data for this work

CHAPTER TWO

Review of Related Literature

2.1. Introduction

This part of the study address relevant conceptual issues, theoretical framework and empirical review related to the topic of the study. It includes the definition and concept such as organization climate, Organizational commitment and relationships between organization climate and Organizational Commitment by focusing on previous research in this area and present reviewed Literature relevant to this study.

2.2. Concepts of Organizational Climate and Organizational Commitment

2.2.1. Concept of Organizational Climate

From human relations approach, employees have been accepted as the most important component of the organizations. In order to make organizations much more effective and productive, perceptions of employees have become more important. As it's a concept is related to the perceptions of employees, organizational Climate has been attracting many researchers (Arabaci, 2011). Organizational Climate is a fundamental construct in work and organizational setting, as it provides an appropriate context for studying organizational behavior, allowing the exploration of individual and group behaviors.

The concept of organizational climate backs to the early 1900 with work of lewin eta el. (1939) and lewin (1951) who suggested that climate is characterization of the salient environment stumil and is an important determinant of motivation and behavior. This has resulted in organizational climate being the direct or indirect subject of many behavior projects and emerging as constructs with many behavior consequences and also the subjects gained momentum with the work of litwing and striger (1968) who conceptualize organizational climate in relation to influence on motivation and behavoiur .Various definitions and measures of organizational climate have been offered and various reviews of research on organizational climate have appeared. However, these definitions are full with a lack of consensus mainly

due to its association with the other construct. Each definition reflects the author's specific conceptualization of the construct and context of the study. Many authors define organizational climate in different concepts and perspective some the definitions of organizational climate were discussed as follows:

Litwin and Stringer (1968) define organizational climate as a set of measurable properties of the work environment that is directly or indirectly perceived by the people who live and work in said environment and is assumed to influence their motivation and behavior. Zohar (2005) defined organizational climate as the shared perception of what behavior is expected and rewarded inside the organization. According to Glick (1985) Organizational Climate is defined as set of attributes specific to a particular organization that may be induced from the way that organization deals with its members and its environment .Organizational climate is a perception of the psychologically important aspects of the work environment and recognized as a potential influence on employees' workplace behavior and job satisfaction (Haritha and Subrahmanyam, 2013).

According to Emery(1999) the organizational climate of an organization is like an individual's personality, that everyone has unique personality traits, it distinguishes one organization from other on the basis of perceptions of the employees about the policies and practices, cohesiveness of coworkers, recognition of task performed, supportiveness of management and regard for personal concerns, innovative style of performance and fairness in rewards, norms and attitudes that influence the behavior of employees at work.

Schneider and Hall (1972) state that organizational climate exists in individuals' perceptions of their organizational environment. These perceptions are formed by the individual using inputs of objective events in and characteristics of the organization, as well as characteristics of the individual. Organizational climate explained in Castro and Martins (2010) as a relatively enduring quality of an organization's internal environment, distinguishable from other organizations, which results from the behavior and policies of members of the organization, especially top management, which is perceived by the members, serves as a basis for interpreting situations and acts as a source of pressure for directing activity.

As Haritha and Subrahmanyam (2013) organizational climate possesses the following characteristics:

Climate can potentially influence an individual's behavior.

It refers to the feeling of an organization.

Climate is generally considered to be a molar construct that can change over time.

It is perceived by and shared among organizational members, which can result in consensus among individuals.

It consists of global impressions of the organization that members form through interacting with each other and organizational policies, structures and processes.

The climate construct is multidimensional.

2.2.2. Organizational Climate Dimensions

Since Organizational climate involves perceptions of an Organization's environment, different Organizations with differing practices and procedures may have different climates (Muchinsky, 1976). One of the problems with the climate concept is the specification of appropriate climate

dimensions. This indicates that there is still considerable diversity in the number and type of dimensions used to explain the climate construct. It is difficult to identify several core climate dimensions relevant to heterogeneous organizations because climate involves employees' perceptions of their work environments and different types of Organizations with their differing practices and procedures will have relatively unique climates (Muchinsky, 1976).

According to Denison (1996) the definition and theoretical positions on climate have varied considerably between the individual theorists .This has also been the case for dimensions of climate and measurement. Developing universal set of dimension was often central issues of the climate researchers so that comparative studies could make possible in different organization setting (Denison, 1996)

According to Castro and Martins (2010) the components of the climate construct can be seen as the characteristics that define an organization and differentiate it from other organizations, definitions and approaches to organizational climate are diverse. This is also similar to the dimensions and measurement of organizational climate because various researchers use a wide variety of dimensions to assess organizational climate. According to them there is disagreement among researchers about which dimensions constitute the concept for different reason such as Organizational climate has been researched in diverse situations, such as businesses, laboratories, schools and government, making it difficult to determine which key dimensions are relevant to all of the above environments and New scales are constantly being developed without consideration of how these compare to existing scales of organizational climate, resulting in an increase in scales claiming to measure organizational climate. In addition, validity and reliability do not receive the required attention (Castro and Martins, 2010).

Schneider (1990) also suggests that the dimensions of organizational climate will differ depending on the purpose of the investigation and the criterion of interest and those general

measures of organizational climate will contain dimensions that are not relevant for each specific study. Castro and Martins (2010) discussed different dimension of organizational climate by different authors (Litw and Stringer,1968; Dippenaar and Roodt ,1996; Campbell et al. 1970)

Koys and DeCotiis (1991) identified that 54 dimensions of organizational climate reported in different in past literatures .They argued that the different dimension were interrelated with each other and have a similarities. They tried to reduce the total number of named dimensions to a manageable yet comprehensive universe of climate dimensions, several decision rules were established with respect to each of the reported dimensions Specifically, in order to be considered as a possible element of the universe, the named dimension had to be: a measure of perception, measured in descriptive terms; and not be as aspect of organizational or task structure.

As Koys and deCotiis (1991) reported that the large number of unique dimensions named in the literature should Summarized into a lesser number of common dimensions. Finally they summarized into eight key dimensions: autonomy, cohesion, trust, pressure, support, recognition, impartiality, and innovation. Elsa Peña et al. (2013) under their work of exhaustive reviewing of the literature previously mentioned, the item bank initially generated under the organizational climate dimension they conclude that these dimension are provide a reliable and valid general indicator of organizational climate.

2.3.Theoretical frame work of the study

As discussed before there is a general agreement that organizational climate is a multi-dimensional concept, and that a number of typical dimensions could be described, measurement and dimension of organizational climate different based on purpose of investigation. The

dimensions utilized to measure organizational climate in this study are the dimension developed by Koy and Decotiis together with dimensions identified by (Litwin and Stringer, 1968; Dippenaar and Roodt, 1996; Campbell et al. 1970). Hence, six key dimensions to measure organizational climate are used in this study which includes: Reward and recognition, Autonomy, Cohesion, Trust, Support, participation, Fairness. Therefore in the next section the identified organizational climate dimension and their relation with organizational commitment will be discussed as theoretical framework for the study which can be used as a base for developing the research hypotheses which show the relationship between organizational climate and organizational commitment.

2.3.1. Employees Perception of Trust on Manager

Trust can be defined as “one’s expectations, assumptions or beliefs about the likelihood that another’s future actions will be beneficial or at least not detrimental to one’s interests” (Robinson, 1996, cited in Sanna Malinen, et al 2013). Rousseau et al. (1998) explained trust as a psychological state comprising the intention to be vulnerable based upon positive expectations about the intentions or behavior an expectation that one can rely on another person's words and actions and that the person has good intentions toward oneself (Dirks, 2000,) and a subjective state of positive expectations regarding another person's goodwill in a risky situation.

According to Mayer and Gavin (2005) trust in management, particularly during times of uncertainty, is likely to influence one’s commitment in the organization. That is, if trust towards senior management is high, employees expect wise business decisions to be made by management, making the organization more stable. Trust is believed by many to be a crucial

ingredient of organizational effectiveness, and its role in the workplace is increasingly attracting the attention of organizational scholars (Afsar and Seed, 2010).

Trust is fundamental to the existence of healthy working relationships. Colquitt, Scott and LePine (2007) in their meta-analysis of 132 trust studies, concluded that trust is a vital component of effective working relationships. Trust-based relationship between subordinates and supervisors plays an important role in acting for the accomplishment of organizational goals in cooperation, increasing efficiency and productivity in the organization as a whole (Brower et al, 2009). Low employee trust contributes to further organizational dysfunctions, from increased stress, absenteeism and lower performance to greater turnover and an unwillingness to behave in ways that contribute positively to organizational functioning. Organizational trust is shown as an important factor in improvement of organizational commitment and realization of organizational aims. Trust in organization probably affects all activities of the organization. Existence of a climate of trust in an organization keeps employees and management together and enables them to trust each other and act openly.

According to Mayer and Gavin (2005) trust in management, particularly during times of uncertainty, is likely to influence one's engagement in the organization. That is, if trust towards senior management is high, employees expect wise business decisions to be made by management, making the organization more stable. High levels of trust can therefore leave employees to concentrate on their day-to-day work.

Trust in organizational authorities has been shown to influence a variety of subordinate's work attitudes and behavior. When trust levels are high, employees are supportive of, or committed to, authorities and the institutions that authorities they represent (Chughtai & Zafar, 2006).

Brockner and his colleagues (1997) report that trust has a positive although non-significant effect on employee commitment

According to Dirks & Ferrin(2002),being supervised by someone that one does not trust can be psychologically distressing, and this distress will likely affect one's job attitudes , One such attitude is affective organizational commitment. Thus one of the Outcomes of Trust-in Supervisor is organizational commitment.

2.3.2. Perception of Rewards and Recognition

Rewards refer to all the benefits, financial and non-financial; that an employee obtains through his/her employment relationship with an organization (newman, 2010) .Reward identifies the feeling of being rewarded fairly and equitably as well as the perceived organization"s promotion policies. If an employee feels that he or she is unlikely to obtain a good evaluation or promotion even after having great endeavors in such a working environment, he or she will probably search for another job elsewhere (Jeswani & Dave, 2012).

Meyer and Allen (1997) explained that, the positive impact of reward, such as pay and incentives on work attitudes can be derived from the argument that an individuals" perception of being valued by the organization may be significantly influenced by the organization"s reward for the individual"s effort.

According to Saks (2006) greater incentives and recognitions of the employees performance, contribute that employees might be satisfied in their mind and also this workplace was fit to them. When the employees received recognitions or rewards from their organization, they would be willingness to react through their best level of commitment towards their organization.

2.3.3. Employees' Perception of Support

Supportive leader behaviors and a generally facilitative organizational climate may be subsumed under a variable entitled Perceived Organizational Support. Eisenberger (1986) demonstrated that individuals tend to “form global beliefs concerning the extent to which the organization values their contributions and cares about their well-being”. Specifically, individuals evaluate the behavior of organizational agent (leaders and managers) towards them and infer the general motive underlying that treatment, with the categories that are considered important varying considerably between organizations and between persons. Some individuals might base their sense of perceived organizational support upon such factors as the organization members’ willingness to provide them with special assistance or special equipment in order to complete a project. Others might develop a strong sense of Perceived organizational Support based upon the organization members’ willingness to provide them with additional opportunities for training in an area that was of particular interest to them. Furthermore, employees are frequently sensitive to relevant environmental and organizational constraints that might limit the ability to provide them with desired Rewards. Eisenberger (1990) suggested that an employee’s view regarding organization is strongly concerned to their relationship with supervisor. If supervisor support, open communication and have good relationship with employees, the employees turnover intention are likely less and more engaged with organization .

Organ(1988) suggest that employees with higher levels of Perceived organizational support are likely to be more committed and possibly more willing to engage in extra role or organizational citizenship, behaviors than are employees who feel that the organization does not value them as highly.

According to (Oldham, 1976) Satisfaction with supervision is likely to be an important predictor of organizational commitment employees. Because supervisors create much of a subordinate’s work environment they might be described as representing the organization to the subordinates. Thus, supervisors play a crucial role in the perceptions employee form about the organization’s

supportiveness and the extent to which they can be trusted to look after their interests. It follows that satisfaction with supervision could be expected to positively relate to organizational commitment.

2.3.4. Employees Perceived of Autonomy

According to Choudhur(2011) Autonomy refers to freedom or independence to use power without any fear. It means giving freedom to the employee to enjoy power of a position but within certain limits set by the organization. Management respects employee's feelings and encourages them to take the responsibility. Autonomy increases with the responsibility of a person. The outcome of autonomy is development of mutual respect between employees and employers and confidence among employees. Effective delegation can bring proper autonomy in the organizational climate (Choudhury, 2011)

Newman(2010) also define Autonomy as the ability of the employee to determine the way and manner in which they carry out their job .It is an important intrinsic motivator and should be positively related to commitment as it helps to satisfy the internal psychological needs of the individual employees. According to Oldham (1976) Autonomy refers to the ability of the employee to determine the way and manner in which they carry out their job. It is an important intrinsic motivator and should be positively related to affective commitment as it helps to satisfy the internal psychological needs of the individual employee. He stated that there is Positive relationship between autonomy and organizational commitment.

Mathiew & Zajac(1994) if management only emphasizes discipline, authority, and control, commitment to the organization will be eroded, or it simply will not develop in the first place Organizational commitment and autonomy are positively related

Reasonable autonomy creates an organizational climate where organizational commitment can be nurtured and developed. They also indicated that the lack of autonomy and the use of close supervision in organizations result in diminished performance and employee stress.

2.3.5. Employees Perception of Fairness

Employees are concerned with both the fairness of the outcomes that they receive and the fairness of their treatment within the organization (Williams, 2002). The first fairness perception is distributive justice, and it addresses the organizational reward system (i.e., equity theory).

If employees perceive unfair compensation, and then they may be less likely to perform, produce, and commit to the organization. Organ (1990) suggested that perceived procedural unfairness alters an employee's relationship with the organization from one of social exchange (i.e., diffuse obligations based on reciprocal trust), in which citizenship behaviors are likely to be one of economic exchange (i.e., contractual obligations and precise terms of exchange), to one in which the employee does only what is required. Aquino (1995) has explained that interactional justice is in action when the supervisor gives an accurate performance rating.

Greenberg (1991) showed that, if the workers perceived that they had received fair treatment in the organization, that perception gives them a feeling of job security. Greenberg (1991) proposed that the employees' view toward justice is correlated with turnover. According Aquino (1995) interactional justice has an effect on trust in management, organizational commitment, and withdrawal behaviors.

2.3.6. Employees Perception Cohesion Team workers

Hosseini(2012)defined teamwork as defined by “as a cooperative process that allows ordinary people to achieve extraordinary results. A team has common goal or purpose where team members can develop effective, mutual relationships to achieve team goals. Teamwork relies upon individuals working together in a cooperative environment to achieve common team goals through sharing knowledge and skills (Harris & Harris 1996).

According successful teamwork relies upon synergism existing between all team members creating an environment where they are all willing to contribute and participate in order to promote and nurture a positive, effective team environment. Team members must be flexible enough to adapt to cooperative working environments where goals are achieved through collaboration and social Interdependence rather than individualized, competitive goal.

According to Steers (1977) opportunities for social interaction positively correlated with feelings of commitment. Satisfaction with co-workers is taken as an index of how employees value the nature of working relationships with coworkers, which in turn is expected to positively relate to commitment. Astri(2011)also stated that ,teamwork facilitates the meeting of affiliate needs within the workplace and has been directly connected to organizational commitment.

2.4. The Concept of Organizational Commitment

Organization commitment has been studied in the public, private, and non-profit sector, and more recently internationally. Multiple definitions of organization commitment are found in the literature. Morgan (1994) state that organizational commitment has been operationally defined as multi dimensional in nature, involving an employee’s loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership .When looking at employee commitment within

an organization, it is the relative strength of an individual's identification with and involvement in a particular organization. In relation to this, Allen & Meyer (1990) define employee commitment as a psychological state that characterizes the employee's relationship with the organization and has implications for the decision to continue employment with the organization.

Meyer & Becker (2004) define a committed employee as being one who stays with an organization, attends work regularly, puts in a full day and more, protects corporate assets, and believes in the Organization's goals. This employee positively contributes to the organization because of its commitment to the organization.

Mowday et al. (1982) defined organizational commitment as the relative strength of an individual's identification with, and involvement in, a particular organization. Mowday et al. (1982) mention three characteristics of organizational commitment: (1) a strong belief in, and acceptance of, the organization's goals and values, (2) a willingness to exert a considerable effort on behalf of the organization, and (3) a strong intent or desire to remain with the organization.

Abdullah (2012) stated that Commitment is a sort of bond between an employee and the organization he is working for. The strength of this bond is dependent on various factors and Organizational commitment has a strong relation with the employee behavior.

According to Brockner *et al.* (1992) individuals and organizations are adversely affected when commitment is low, and that both benefit when commitment is high. This implies that Organizational commitment is associated with increased satisfaction, performance, and organizational adaptability as well as decreased absenteeism and employee turnover (Meyer & Becker, 2004).

2.4.1. The Dimensions of Organization Commitment

The most basic theory of employee commitment is Allen and Meyer's conceptualization. They identified three dimensions of employee commitment: affective, continuance, and normative commitment (Allen & Meyer, 1990)

According to Meyer and Allen (1997), Affective organizational commitment refers to an employee's affection to, recognition with, and participation in the organization. An employee who has a strong affective organizational commitment to an organization stays with the organization because he or she needs to continue working in the organization. Members who are committed to 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 and Wilson 2000). Affective commitment involves three aspects such as the formation of an emotional attachment to an organization, identification with, and the desire to maintain organizational membership. In this context, affective commitment reflects the identification and commitment situation where the employees stay in the organization with their own will (Allen & Meyer, 1990; Meyer *et al.*, 2004). According to Meyer and Allen (1997) affective commitment is influenced by factors such as job challenge, role clarity, and goal clarity, and goal difficulty, receptiveness by management, peer cohesion, equity, Organizational Support, Autonomy, feedback, participation, and dependability.

According to Meyer and Allen (1997) Continuance organizational commitment refers to the awareness of cost linked with the departure from the organizations. Employees with a strong continuance organizational commitment know that leaving the organization may be harmful to them fiscally due to the lack of employment option and a loss of savings. In continuance commitment, the employees consider the disadvantages of leaving the organization and avoid quitting. Those with high levels of continuance commitment stay with the organization because

they *need to*. Thus, the employee keeps his organization membership thinking it might cost him too much to leave the organization (Allen & Meyer, 1990).

The third dimension of employee commitment is normative commitment, which reflects a feeling of obligation to continue employment. According to (Allen & Meyer, 1990) those with high levels of normative Commitment stay with an organization because they feel they *ought to remain*. According to Schneider (2003), normative organizational commitment is the ethical Obligation the employee develops after the organization has spent on him or her.

2.5. Integration of Organizational Climate and Organization Commitment.

The theoretical base for this study is the social –exchange theories perspective of organization commitment. The social exchange theory, or the norm of reciprocity (Gouldner, 1960), involves repayment; a person who receives a benefit from another reciprocates and provides something beneficial in return. According to this theory employees who receive socioeconomic resources from their organization may have a feeling of obligation to respond in kind and repay the organization in some form. One way for employees to repay their organization is to increase commitment to the organization (Cropanzano & Mitchell, 2005).

The employees positive attitudes toward their organization is depend on employees“ perceptions of how much the employing organization cares about their well-being and values their Contribution(Allen et al., 2003) . As Arye et al.(2002)explained the organization and employee relationship can be characterized as consisting of social and/or economic exchanges . According to Cropanzano & Mitchell (2005), social exchanges are „voluntary actions“ which may be initiated by an organization“s treatment of its employees, with the expectation that such

treatment will eventually be reciprocated in kind. The exact nature and extent of future returns is a function of personal obligation, gratitude and trust in the organization.

According to Aryee et al.(2002) Social exchange is premised on a long-term exchange of favors that exclude accounting and is based on a diffuse obligation to reciprocate ,forming the basis of the conceptual underpinnings of research on work attitudes and behaviors.

As Eisenberger et al. (1990) stated, the process of social exchange is initiated by organizations when they signal that they value employees' contributions and are prepared to care for their individual interests and personal well-being. If such is achieved then according to exchange theory, employees will reciprocate with positive work attitudes and behaviors. This implies that, they will be more willing to exert extra effort and less likely to withdraw membership from the organization (Gouldner, 1960).

According to Jans (1989) Social exchange theory suggest that organizational commitment reflects employee's perceptions about the nature of the relationship that exists between themselves and organization. Hence organization commitment will vary according to how strongly an individual believes in the basic value systems practiced in and by the organization.

According to decottis (1987) organization has as its theme the notion of exchanged expectation between an organization and its members and commitment to meet those expectation on the part of the organization and employees. Individual comes to organization with specific skills and knowledge, satisfy their desire ,and achieve their goals .To the extent that the organization is perceived these facilitating these ends, organization commitment is likely to increase (Decottis 1987).

As discussed above, organizational climate is the atmosphere that employees perceive in their organizations by practices, procedures and rewards. Stated simply, people respond to work environments in terms of how they perceive these environments and a key substantive concern in perception is the degree to which individuals perceive themselves as being personally benefiting as opposed to being personally harmed (hindered) by their environment .

Therefore the premises of the relationship between organizational climate and organizational commitment are based on the social exchange theory by Cropananzo and Mitchell (2005) who argue that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. The notion of reciprocal interdependence in the employment relationship is consistent with Robinson et al.'s (2004), description of organization commitment as a two-way relationship between organization and employee.

According to Levering (1996), a good workplace with better organizational climate and HR practices is believed to produce higher-quality products, support more innovation, have the ability to attract more talented people, and experience less resistance to change and lower turnover costs, all of which translate directly into a better bottom line. Conversely, a dissatisfied worker may be able to solve his or her problem by leaving the job. If the source of dissatisfaction relates to organization-wide policies, organizational turnover is likely. Employees who are unable to change their situation or physically remove themselves from the situation may psychologically withdraw themselves from their jobs (Noe, Hollenbeck, Gerhart, & Wright, 2005). If the primary dissatisfaction has to do with the job itself, the employee may display a very low level of job involvement, which refers to the degree to which people identify themselves with their jobs. If the dissatisfaction is with the employer as a whole, including organizational culture, the employee may display a low level of organizational commitment,

which refers to the degree to which an employee identifies with the organization and is willing to put forth effort on its behalf (Mowday et al., 1982).

Bluedorn (1982) stated that Individuals who have low organizational commitment are often just waiting for the first good opportunity to quit their jobs. With the recognition of the costs of highly talented people's turnover, many researchers have studied the factors that affect employees' turnover intention, which is defined as a conscious and deliberate willingness to leave the organization (Bluedorn, 1982).

Studies on organizational behavior have long been interested in understanding employees' perceptions of the work environment and how these perceptions influence individuals' work-related attitudes and behaviors. Social climate or atmosphere created in a workplace had significant consequences employees' perceptions of the work context purportedly influenced the extent to which people were satisfied and perform up to their potential, which in turn, was predicted to influence organizational productivity (Katz & Kahn, 2004).

According to McMurray, Scott and Pace (2004) Positive relationship between organizational climate and organizational commitment implies a few very important principles for human resource development. The climate of an organization is a result of the way in which workers perceive certain elements of the organization. Negative perceptions of work conditions, supervision, compensation, and advancement, relationships with colleagues, organization rules, decision-making practices, and available resources tell us that workers are living useless, uninspired, meaningless existences. As a result, the organization may become hateful to workers and one from which they withdraw their support. The climate in an organization affects both the workers' physical exertion of their bodies and the mental exertion of their minds

(McMurray, Scott and Pace, 2004)

According to Guzley (1992) a positive organizational climate encourages commitment to the organization. Ruth (1992) suggested that organizational climate is positive affects to the commitment relationship towards organization, the better organizational climate is, the more organizational commitment. Ruth (1992) stated that many workers have experience the effect of organizational climate at some point on their performance and commitment. Organizational climate dimension are significant associated with attitudinal commitment of employees. The extent to which an employee perceived its organizational climate, directly or indirectly affects the exhibition of commitment of its job which in turn affects the growth of the organization positively or negatively (Ruth, 1992).

According to Fauziah et al. (2013) a positive organizational climate is said to be the catalyst that will encourage this discretionary effort and commitment. According to Cotton (2004) Organizational climate is believed important because it has many impacts, including an impact on individual well-being, absenteeism and turnover. Cotton (2004) explained that Climate is important because the way an employee views one's employer and work environment influences how one feels and behaves when working.

2.6. Empirical Review of the Studies

There are not much direct studies on organizational climate and organizational commitment. Most studies focus on the relationship of organizational climate with some of the result variables such as performance, productivity, job satisfaction, organization citizenship behavior, intention

to leave, turnover, labor management relations which play a crucial role in determining the overall wellbeing of any industrial organization.

Even though not much direct studies on the relationship between two variables, there is certain previous researches have devoted a great deal of attention to the relationship organizational climate and organizational commitment. As the relationship between commitment and organizational Climate has been reported in the organizational and management literatures. They tried to show organizational Climate has an influence on employee's organizational commitment.

Certain studies have found a positive relationship between the two variables. For instance, Mojtahedzadeh, Suzan and Mastaneh (2011) in their Study on Relationship between Organizational Climate and Commitment staff in Sosangerd Azad Islamic University conclude that there is significant correlation between organizational climate and committing to institution. They utilized seven organizational climate dimensions which are: structural, responsibility, reward, intimacy, supporting and identity rules dimension is with commitment, their findings show all dimensions positively correlated to organization commitment.

The study of Astri (2013) under title on Organizational Climate as Predictor of Organizational Commitment: Evidence from University of Selangor, Malaysia, explored the relationship organizational climate dimension and organizational commitment dimensions and conclude that there is the significant relationship between dimension of organizational climate (autonomy, cohesion, trust, pressure, support, recognition, fairness, and innovation) with organizational commitment (affective commitment, continuance commitment, and normative commitment).

Zhang (2010) study under titled of, Organizational Climate and its Effects on Organizational Variables shows that, organizational climate has significant main effects on organization effectiveness like staff members' organization commitment and collective identity.

Fauziah et al. (2010) study at Malaysian telecommunication environment found that the correlations between majority of dimensions of organizational climate and organizational commitment show that organizational climates are significantly and positively related. Their finding also indicate that continuance commitment has no correlations with their some specific organizational climate dimension such as design, teamwork, and decision-making dimension of organization climate while and also their results shows that normative commitment has no correlation with decision-making dimension of organization climate.

Iqbal (2007) study under titled organizational climate and organization commitment evidence from Pakistan knit wear industry. The research utilized nine organizational climate dimensions (freedom, support, playness and humor, debate, trust, idea time, risk taking and conflict). The finding shows that out of nine variables six were found positive and significant relationship with commitment but the three dimensions (debate, risk taking and idea time has no significant relationship with commitment). He concludes that the dimension of organizational climate had greater influence on organizational commitment than organizational climate as whole.

The research of Arora and Nuseir (2012) by using a meta-analytic research method to determine the strength of relationship of between organizational climate and organization commitment. Their research reviewed 106 valid studies after screening from 256 studies. Ten moderators were utilized to see the degree of change in relationship. Case 1 had four moderators namely gender, tenure, age, educational background, while for Case 2, there were two major moderators namely

tenure and age. The unfavorable OCL is correlated negatively with organizational commitment. The favorable OCL and is correlated positively with organization climate. They also suggested that unfavorable climate factor seems to influence less on commitment levels as compared to favorable climate factors. This gives an insight that during low commitment levels the employee may prevent it from becoming visible to the outside and hence also not visible in research studies.

Research finding of Benjamin (2012) on HR Climate and Employee Commitment in Nigerian Banks show that a human resource climate influences Affective Commitment more than it does for Continuance and Normative Commitment. It is also show that although HR climate positive correlates with both Normative and Continuance Commitment, the relationship is not so strong. Affective Commitment is an employee's psychological attachment to the organization. Observed that those who perceive a positive human resource development within an organization are more likely to have higher feelings of affective commitment

The study of McMurray, Scott and Pace (2004) through adapting eight organizational climate dimension under took the study on relationship between organizational commitment and organizational climate in three large automotive component manufacturers in Australia and they found that there is a significant positive relationship between measures of organizational commitment and organizational climate. Their results indicated that when respondents' reactions to organizational climate were positive, their reactions to organizational commitment were positive, and as a corollary, when a respondent's orientations to organizational climate were negative, their orientations to organizational commitment were negative. This implies that there is organizational climate can influence employees commitment to their organization.

To sum up, as it has been discussed above there is some literature that describes the relationship between organizational climate and employee commitment from a multitude of angles and views. Some articles also repeat the related topics and findings and the author chose to include just to show that the findings are similar but from a wide range of domains. In many researches in the literature it was determined that there was a strong relationship between organizational climate and employee commitment (Arora and Nuseir, 2010; Zhang, 2010; *McMurray, Scott and Pace*, 2004; Benjamin, 2012; Iqbal, 2005; Fauziah et al. (2010); Astri, 2013)

However ,the majority of empirical studies discussed above are based on different context and some organizational climate variables they included in their study were different within their respect studies.

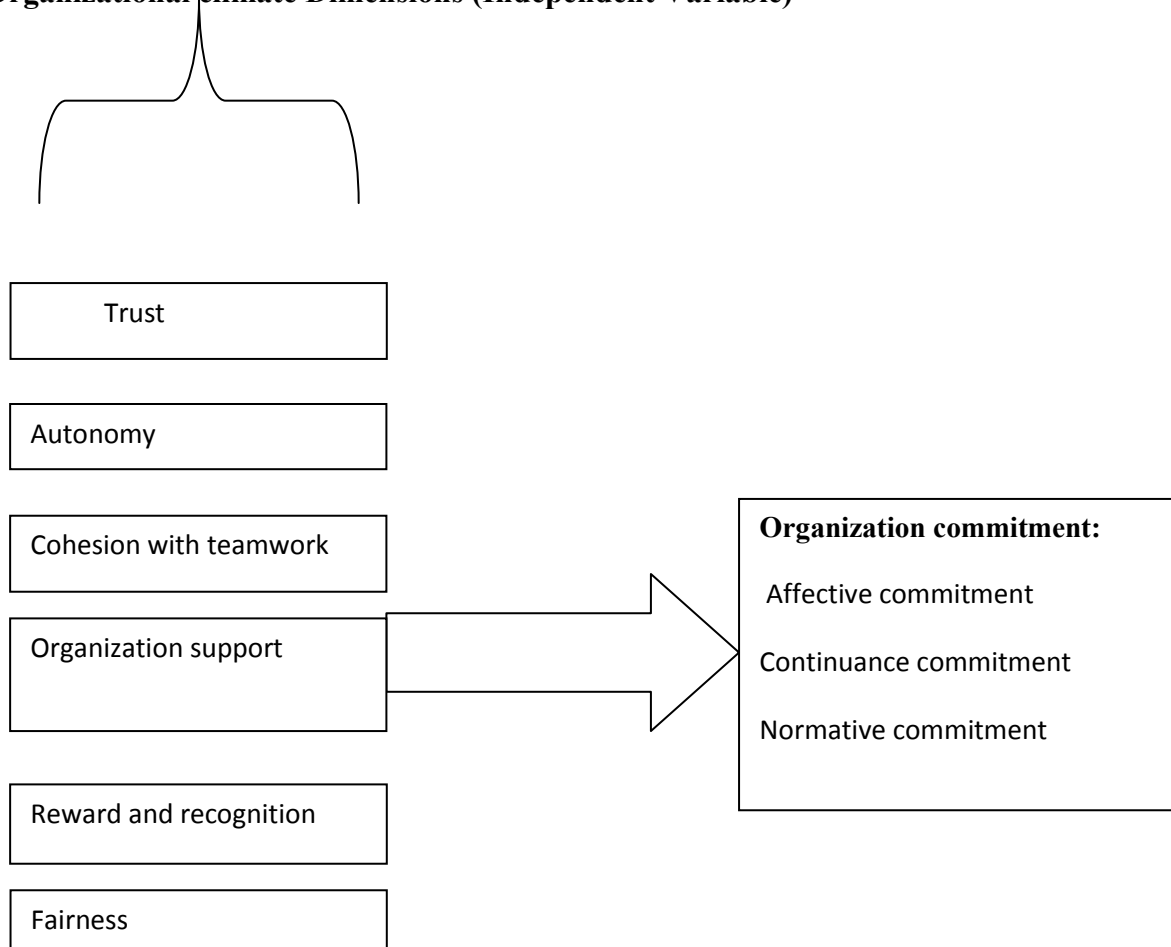
Despite those studies were generally conducted on different sectors of organizations, yet there have been few researches conducted in Ethiopia organizations.

2.7. Conceptual frame work

Based on the overall review of related literatures and the theoretical framework, the following conceptual frame work in which this specific study governed is developed. As explained in the literature, organizational climate has significant relationship influence on organizational Commitment. Therefore in this study Organizational Commitment will be taken as dependent variable while, Organizational climate is as independent variable. In the independent variable organizational climate includes six dimensions such Trust on supervisors, organizational support, Reward and recognition, Fairness, Autonomy and cohesion of team workers. The relationship of the variable for this study is proposed to as follows.

Fig 1: Conceptual frame work of the relationship between organizational climate and organization commitment.

Organizational climate Dimensions (Independent Variable)



Source: Adopted from Koy and Decotis (1991) and Allen and Mayer (1990)

2.8 Summary

This chapter presented a review of related literature that focused on the concept of organizational climate, organization commitment, theoretical frame work and the relationship organizational climate dimensions and commitment. The conceptual framework was developed based on the literature review and theoretical framework. The theoretical and empirical review discussed above will be the premise for developing the research objectives and hypotheses.

Therefore, the following chapter is describes the procedures and methodology used for data collection and analysis of the study

CHAPTER THREE

Research Methodology

3.1. Introduction

This study was intended to be carried out at commercial Bank of Ethiopia around Addis Ababa City. The study would be designed as the cross - sectional for the quantitative study which will be used to gather the relevant and pertinent information with regard to organizational climate and employee's commitment. The unit of analysis is the major entity that you are analyzing in a study. The most common assessment organiztional climate and employees commetiment is the individual attitude and perception .Thus, the unit of analysis for this study will be individual's employees currently working at commercial bank of Ethiopia. The research would a survey research in type. According to Anol Bhattacharjee (2012) the survey method can be used for descriptive, exploratory, or explanatory research. This method is best suited for studies that have individual people as the unit of analysis. Survey research method is involves the use of standardized questionnaires to collect data about people and their preferences, thoughts, and behaviors in a systematic manner.

Survey research has several importance, its suited for remotely collecting data about a population who are that is too large to observe directly, most of time questionnaire surveys are preferred by some respondent, its economical in terms of researcher time, effort and cost than most of research design.

3.2. Research Design

The research design for this study would be the Cross-sectional method to assess the relationship between organizational climate and organizational commitment of employees in commercial bank of Ethiopia. In cross-sectional method, independent and dependent variables are measured at the same point in time using a single questionnaire (Anol Bhattacharjee, 2012). The purpose of this research was to identify if there is a relation between the predictor variable and the response variable. The predictor variable was organizational climate, and the response variable was organizational commitment. Therefore the study would also said to be correlation in design because there is the intent to investigate the relationship between dependent and independent variable of the study. According Reid (1987) Correlation research aims to ascertain if there is a significant association between two variables. Creswell (2005) also explained that the correlational research method is useful for identifying the type of association, explaining complex relationships of multiple factors that explain an outcome, and predicting an outcome from one or more predictors. In addition to investigating the relationship of the variables, the influence of independent variable (organizational climate) on organization commitment would be undertaken through regression analysis. Creswell (2005) asserted that, regression is used for explaining a relationship among variables you are interested in determining whether one or more variables might influence another variable.

3.3. Research approach

The research approach which used for this study was Quantitative in Nature. Creswell (2005) asserted, quantitative research is a type of research in which the researcher decides what to study, asks specific narrow questions, collects numeric (numbered) data from participants and analyzes these numbers using statistics, and conducts the inquiry in an unbiased, objective manner (Creswell, 2005). Variables can be defined as attributes or characteristics of individuals, groups, or sub-groups of individuals (Creswell, 2005). Quantitative study involves analysis of data and information that are descriptive in nature and qualified (Sekaran, 2003). Quantitative approach is one in which the investigator primarily uses postpositive claims for developing knowledge, i.e., cause and effect relationship between known variables of interest or it employs strategies of inquiry such as experiments and surveys, and collect data on predetermined instruments that yield statistics data (Creswell, 2003).

The purpose of this study was to evaluate and observe through a survey instrument if the response variable, organization commitment, has a measurable relationship with the predictor variable (organizational climate). To achieve the aforementioned objectives, therefore the study adopts a quantitative research approach, as the methodology to provide a quantifiable statistical analysis of the responses to the survey.

3.4. Data Type and Source of Data

Primary source of data was used to undertake the study. The information gathered through questionnaires from the sample chosen respondents was used for primary data. According to Biggam (2008), primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data collection is that it is

collected with the research's purpose in mind. It implies that the information resulting from it is re consistent with the research questions and objectives. Therefore, the respondents' response through questionnaire was used as a primary source of data.

3.5. Data Gathering Technique and Instruments

The questionnaire was used to gather the primary data from the employees of the commercial Bank of Ethiopia, which would be distributed by the researcher to the respondents. For the purpose of this study close-ended items were used to measure dependent and independent variable. The Likert-type scale method used to range of responses: strongly disagree, disagree, Neutral, Agree, and strongly agree, with a numeric value of 1-5, respectively. The usage of this particular scaling method ensured that the research study illustrated the ability to assess the responses and measure the responses quantifiably so that a pattern or trend may be produced in order to answer the research questions. As Neuman (2003) explained, it is a process of asking many people the same questions and examining their answers research questions.

As an organizational climate is something that individuals perceive in an organization, the measuring instrument used in this research therefore structured in such a way that data on individuals' perceptions were gathered. The measuring instrument can be described as a self-report questionnaire, which the participants had to indicate the degree to which they agreed or disagreed with each statement in every dimension in the questionnaire. The instrument used in this study was a close-ended questionnaire that will developed through the adaptation and modification of instruments from previous studies. Allen-Meyer's organizational commitment questionnaire (1990) will be used measure organizational commitment. DeCottis and Koys (1991) organizational climate questionnaires through some modification were used to measure

organizational and to obtain quantitative information about organization climate and employees commitment

3.6. Sampling design

3.6.1. Target Population

According to Hair et al. (2006), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information. For this study ,Employees of Comercial Bank of Ethiopia working at different branches of Addis Ababa Area were selected as a population. It was assumed that the various branches of CBE operate in a similar manner with respect to policies and practices though the branches are located in different geographical areas.

3.6.2. Sampling Frame and Sampling Technique

The sampling frame is source materials from which the sample is selected. In this research, the participants of the study were professional employees of those selected branches of Commercial Bank of Ethiopia who are working around different branches. The sampling frame from which participants selected were all professional staff position level employees who are non-manager position employees. Commercial Bank of Ethiopia Addis Ababa area Branches are categorized into four zones (Southern, Northern, Eastern and Western).Because of time ,financial and data administration problem, for this study the commercial bank of Ethiopia Branches of Northern zone were selected to investigate this study. Fifteen branches of northern zone were randomly

selected to undertake this study. The participants (respondents) were selected from 15 branches of commercial Bank of Ethiopia under Northern zone. The respondents were proportional selected from each branches. To minimize respondent's selection bias, simple random sampling method was applied to select those individuals who were participating in responding the questionnaire from the selected branches.

3.6.3. Sample Size

Malhortra and Peterson (2006) stated that, larger the sampling size of a research, the more accurate the data generated but the sample size will be different due to different situation. Due to time and financial limitations and the nature of the population sample determination method developed by Carvalho (1984), was applied to determine a sample size

Table 1.1: Sample size determination

<i>Population size</i>	<i>Small</i>	<i>Medium</i>	<i>Large</i>
<i>51-90</i>	<i>5</i>	<i>13</i>	<i>20</i>
<i>91-150</i>	<i>8</i>	<i>20</i>	<i>32</i>
<i>151-280</i>	<i>13</i>	<i>32</i>	<i>50</i>
<i>281-500</i>	<i>20</i>	<i>50</i>	<i>80</i>
<i>501-1200</i>	<i>32</i>	<i>80</i>	<i>125</i>
<i>1200-3200</i>	<i>50</i>	<i>125</i>	<i>200</i>
<i>3021-10000</i>	<i>80</i>	<i>200</i>	<i>315</i>
<i>10,001-35,000</i>	<i>125</i>	<i>315</i>	<i>500</i>

35001-150,000	200	500	800
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Source : Carvalho (1984)

Therefore, based on carvalhio (1984) sample size determination method, for this study to increase the accuracy of the data, a large sample size was selected. Accordingly out of total population (1796) the selected sample size was 200 employees who participated in this particular study. .

3.7. Data Analysis

Once data is collected, it will be necessary to employ statistical techniques to analyze the information, as this study is quantitative in nature. Data will be entered and analyzed using SPSS 20 version. Correlation analysis statistical tools were used to align with the objectives of the research, to test relationship between the two variables. Regression analysis was employed to determine the effect of independent variable (organizational climate) on dependent variable (organization commitment). Thus, both the strength of the relationship between variables and the influence of independent on dependent variable was assessed

3.8. Validity and Reliability

Validity is the degree to which a measure accurately represents what it is supposed to .It is concerned with how well the concept is defined by the measure(s). Therefore this study tried to addresses validity through the review of literature and adapting instruments used in previous research. On the other hand Reliability is concerned with the internal consistency of the items. Hair et al. (2007) defined reliability as the extents to which a variable or a set of variable is consistent in what it is extended to measure. As the current study uses multiple items in all variables, internal consistency analysis was carried out through Cronbach alpha reliability tests.

Duffy, Duffy, and Kilbourne (2001) asserted, Cronbach's α measure the consistency with which participants answers items within a scale. Duffy et al. (2001) further stated, a high α (greater than .60) indicates that the items within a scale are measuring the same Construct. SPSS version 20 used to produce the values for Cronbach's α . The results of the reliability analysis are presented in below table. Based on the results of the reliability analysis, one can conclude that the items are internal consistence.

Table 3.1 Reliability Analysis of the items

Items	No of items	Alpha value
Autonomy	5	0.735
Trust on management	6	0.777
Support	5	0.867
Reward and recognition	7	0.858
Fairness	7	0.818
Cohesion of team workers	5	0.695
Affective commitment	8	0.825
Normative commitment	6	0.783
Countenance commitment	6	0.694

Source: Survey 2014

3.9. Ethical Considerations

There are certain ethical protocols that have been followed by the researcher. The first is soliciting explicit consent from the respondents. This ensures that their participation to the study is not out of their own volition. The researcher also ensured that the respondents were aware of

the objectives of the research and their contribution to its completion. One other ethical measure exercised by researcher is treating the respondents with respect and courtesy (Leary2004). This was done so that the respondents were at ease and more likely to give honest responses to the questionnaire.

There were also ethical measures that have been followed in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This was carried out to ensure that the statistics generated from the study are truthful and verifiable (Leary2004).

CHAPTER FOUR

Data Presentation and Analysis

4.1.Introduction

As discussed in previous chapters this study attempted to examine the Relationship between organizational climate and employee's Organizational. Therefore, the findings of the study were presented and analyzed in this chapter. The questionnaire were developed in five scales ranging from five to one; where 5 represents Strongly agree, 4 agree, 3 Neutral, 2 disagree, and 1 strongly disagrees. These five scales are treated as interval scale to conduct statistical analysis .Harry and Deboraha (2012) stated that Likert scale data, can analyzed at the interval measurement scale. Likert scale items are created by calculating a composite score (sum or mean) from four or more type Likert-type items; the composite score for Likert scales can be analyzed at the interval measurement scale. Descriptive statistics recommended for interval scale items include the mean for central tendency and standard deviations for variability. They stated that data analysis procedures used for interval scale items would include the Pearson and regression procedures. The questionnaire was developed as likert scale rather than likert type therefore likert items were calculated (sum or mean) for statistical analysis. Therefore the questionnaire developed for this study was likert scale in nature.

In order to assess the relationship between organizational climate and employee's organizational commitment, Correlation and regression analysis were conducted for scale typed questionnaire. A total of 200 questionnaires were distributed to employees and 171 (85.5%) questionnaire were obtained valid and used for analysis. The collected data were presented and analyzed using SPSS 20 software version.

The study used correlation analysis to measure the degree of association between different variables under consideration .Regression Analysis was also used to test the effect of independent variable on dependent variable.

4.2.Demographic Background of the Respondents

The demographic profile of the respondents was presented in this section. The personal profile of the respondents is analyzed as per their gender, age, levels of educational achievements, and years of service in the organization. Descriptive statistics was performed on the demographic variables as a means of describing the respondents. In addition statistical test was conducted to investigate the difference of organizational commitment.

Table 4.1: Background profile of the Respondents

Back ground	Distribution	Frequency	Percentage
Work experience	2-5	85	49.7
	6-9	45	26.3
	10-13	30	17
	Above 14	11	6.4
Age	20-30	59	34.5
	30-40	74	43
	40-50	28	16
	Above 50	10	5.8
Gender	Male	103	60.2
	Female	68	39.8
	Diploma	31	18

Level of education	First degree	139	81.2
	Master	4	2.3

Source: From survey 2014

As depicted table 4.1, indicate that, the demographic profile of the respondents indicates that, most of the respondents are Male i.e. 60%. The age of the majority of the respondents found within the age between” 30 to 40age group followed by respondents aged 20 to 29. Therefore, most of the current sample employees of the bank are less than age of 40 and considerably young. Most of the respondents are first degree holder”s indicating81.% and majority has been working in a bank for between 2-5 years.

In this research, Demographical variables (gender age, level of education) and organizational variables (years of service) were discussed to identify possible subgroups. To compare these subgroups with each other in terms of how they differ in respect of organizational commentate t-tests and analysis of variance (ANOVA) were used. To ensure that a total organizational commitment and organizational climate score, representative of all the dimensions was used; the mean score for each dimension was calculated. Owing to the large number of dimensions, only the total organizational climate and organizational commitment data will be provided here. Post-hoc comparisons using the Bonferroni test was used to compare between groups. The Post-hoc comparison tables and T-tests are included at appendix

4.2.1. Gender

The results of T –tests indicate that there was no difference between males and females regarding organizational climate and organizational commitment. Therefore, as this finding indicate the male and female have no difference perception on organization climate and commitment

4.2.2. Working experience in the bank

A one-way between-group analysis of variance was conducted to investigate whether the respondents reported a difference in perceived organizational climate and organization commitment on the basis of number of years of service with the company. The subjects were divided into five groups according to the number of years service with the organization (group

1: 2 to 5 year, group 2: 6 to 9years, group 3: 10 to 13years,and group 4: 10 years+). The results indicated that there is a difference between service year group on perception of organizational climate and organizational commitment.

Table 4.2 Analysis of variance: Comparing Organizational climate and organizational commitment work experience group

		Sum of Squares	Df	Mean Square	F	Sig.
Organizational commitment	Between Groups	320.770	3	106.923	3.039	.031
	Within Groups	5874.751	167	35.178		
	Total	6195.520	170			
Organizational climate	Between Groups	3468.870	3	1156.290	2.675	.049
	Within Groups	72193.236	167	432.295		
	Total	75662.105	170			

Source: survey 2014

4.2.3. Age

A one-way between-group analysis of variance was conducted to investigate whether the respondents reported a difference in perceived organizational climate and commitment on the basis of age group of employees. The subjects were divided into four groups: group 1: 20-30, group 2: 30-40, group 3: 40-50, group 4: above 50. The research results of the ANOVA are presented in table 4.4. The results indicate that there was a statistically significant difference at the $p < .05$ levels in organizational commitment. This implies that there is a difference between age groups on organizational commitment. In addition, Post-hoc comparisons of organizational commitment and climate using the Bonferroni (see appendix) indicated that the age group above 50 years was different with other age groups.

Table4.3 Analysis of variance: Comparing Organizational climate and organizational commitment by Age groups

		Sum of Squares	Df	Mean Square	F	Sig.
Organization commitment	Between Groups	357.249	3	119.083	3.406	.019
	Within Groups	5838.271	167	34.960		
	Total	6195.520	170			
Organizational climate	Between Groups	2613.817	3	871.272	1.992	.117
	Within Groups	73048.288	167	437.415		
	Total	75662.105	170			

Source: Survey 2014

4.2.4. Level of Education

The research results of the ANOVA are presented in table 4.4 and indicate that for organizational commitment there was statistical significance between the different groups of level of education $p < 0.05$. The results also, indicate that there is no statistical significant difference at the $p > 0.05$ level between the different levels of education regarding their perception of organizational climate.

Table 4.4 Analysis of variance: Comparing Organizational climate and organizational commitment by level of education groups

		Sum of Squares	Df	Mean Square	F	Sig.
Organizational commitment	Between Groups	369.342	3	123.114	3.529	.016
	Within Groups	5826.179	167	34.887		
	Total	6195.520	170			
Organizational climate	Between Groups	663.917	3	221.306	.493	.688
	Within Groups	74998.188	167	449.091		
	Total	75662.105	170			

Source: survey 2014

4.3. Inferential Statistics for Organizational Climate and Employees' Organizational Commitment

Correlation Analysis

Correlations are the measure of the linear relationship between two variables.

A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated whereas values closer to 0 indicates that there is little or no linear relationship. As described by Andy (2006), the correlation is a commonly used measure of the size of an effect: values of ± 0.1 represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

In this section, correlation analysis conducted in the light of each research objectives and hypotheses developed. The relationship between organizational climate and employee commitment was Investigated using correlation analysis. This provided correlation Coefficients which indicated the strength and direction of relationship. The p-value also indicated the probability of this relationship's significant.

4.3.1.1. Correlation analysis between organizational Climate and organizational commitment

Correlation analysis was conducted to know of relationship between Organizational climate and organizational commitment of employees in CBE. The correlation analysis undertaken here assists to know the relationship between organizational climate and organizational commitment

Table 4.5 correlation Analysis of organizational climate and organizational commitment

		Organizational climate	Organizational commitment
Organizational climate	R coefficient	1	.568**
	p-value		.000
Organizational commitment	R coefficient	.568**	1
	p-value	.000	

** . Correlation is significant at the 0.01 level (1-tailed). Source: Survey, 2014

As shown in the table 4.5, there is significant positive relationship between Organizational climate and organizational commitment $r = .568$, p (one-tailed) < 0.01 . The correlation between variable was direct which means as organizational climate is good Organizational Commitment is increases. This indicates organizations with favorable climate increase commitment of employees and maintain a long term relationship with their organization. Thus, the result supports for the main hypothesis states that there is a significant Organizational climate and organizational commitment of employees in Commercial Bank of Ethiopia.

4.3.2. Correlation analysis between Organizational Climate Dimensions Employees' organizational commitment

The following correlation analysis is done between six organizational climate dimensions and the general OC of employees in CBE. The result of this analysis is used to test the specific research hypothesis of the study.

Table 4.6 Correlation matrix of organizational climate dimension and organizational commitment

	Organizational commitment	Trust	Reward and Recognition	Fairness	Support	Autonomy	Teamwork
Organizational Commitment	1.00						
Trust	.606**	1.00					
Reward and Recognition	.548 **	.521 **	1.00				
Fairness	.328 **	.540 **	.666 **	1.00			
Support	.616 **	.622 **	.724 **	.570 **	1.00		
Autonomy	.513 **	.651 **	.600 **	.451 **	.669 **	1.00	
Teamwork	.155*	.230 **	.276 **	.378 **	.172 **	.135*	1.00

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

Source: Survey, 2014

The above correlation matrix table (4.6) illustrates that there is a significant relationship between trust on managers and organizational commitment of employees ($r=.606, p <.01$). The correlation coefficient value that shows Trust dimension and Organization commitment are correlated in strong relationship. As it is indicated on the above table 4.3, there is positive relationship between reward and Organization commitment.

The result of correlation analysis shows that Reward, Recognition and Organization commitment have significant and high relationship ($r=0.548, p<0.01$). The above correlation matrix also indicate that support dimension of organizational climate is strong association with organizational commitment with ($r=.616, p< 0.01$)

The correlation analysis results indicate that there is a significant and positive correlation between fairness dimension and work and organizational commitment ($r= .328 p<0.01$).

The correlation coefficient ($r=0.328, p<0.01$) of the Fairness indicated that the two variable have medium relationship. In addition the correlation analysis out come from above correlation matrix show that Autonomy dimension and organizational commitment has significant relationship ($r=.513, p<0.01$) and the relationship between variable is strong. As it is shown in the table 4.3, there is significant relationship between employees perception of team work and organizational commitment ($r=0.155 p<0.01$). Correlation coefficient of team work and organization commitment shows that the relationship between variable is weak among the organizational climate dimension in this study.

4.3.3. Correlation between Organizational Climate Dimensions and Organizational Commitment Dimensions'

The research objective regarding the correlation between the organizational climate and organizational commitment variable was addressed by means of correlation coefficient presented in Table 4.8 .All of the organizational climate variables were significantly correlated with two of the organizational commitment variables, namely affective commitment and normative commitment. There were no significant correlations between continuance commitment and any of organizational climate variables. All organizational climate variables that were significantly correlated to the organizational commitment variables had a moderate correlation at either significant levels of 0.05 or 0.01

Table 4.7 correlation matrix of organizational climate dimensions and organizational commitment dimensions

	Trust5	Recognition	Fairness	support5	Autonomy	Teamwork	Affect commitmen t	Continuanc e commitmen t	Normat ive commit ment
Trust	1.00								
Reward& Recognition	.421**	1.00							
Fairness	.540**	.666**	1.00						
Support	.622**	.424**	.570**	1.00					
Autonomy	.651**	.600**	.451**	.669**	1.00				
Teamwork	.230**	.276**	.378**	.172*	.135*	1.00			
Affect commitment	.627**	.562**	.312**	.640**	.553**	.337**	1.00		
Continuance commitment.	.029	.024	.032	.091	.020	.057	.197**	1.00	
Normative commitment	.378**	.346**	.231**	.382**	.299**	.099	.372**	.324**	1.00

** . Correlation is significant at the 0.01 level (1-tailed). * . Correlation is significant at the 0.05 level (1-tailed).

4.3.4 The Relationship between Organizational Climate and Organizational Commitment Dimensions

The research objective regarding the relationship between the organizational climate and organizational commitment dimension was addressed by means of Pearson's correlation as presented in Table 4.8. Pearson correlations indicate that organizational climate has significant relationship with affective and normative organizational commitment. The results also indicate that organizational climate has no significant relationship with continuance commitment. Consistent with previous literature, organizational climate evidenced a strong positive correlation with affective commitment ($r = .550$, $p < .01$). Individuals who perceived positive organizational

climate were in this case more emotionally attached to the organization. In addition positive correlation between organizational climate and normative commitment was found ($r = .368, < .001$), suggesting that individuals who so feel their organization favorable climate also feel morally obligated to remain with that organization. On another hand countenance organizational commitment has lack significant relationship with organizational climate employees perceived ($r=0.012, p>0.01$).

Table 4.8 Correlation matrix of organizational climate and organizational commitment Dimensions

		Normative commitment	Affective commitment	Continuance commitment
Organizational climate	R coefficient	.368**	.550**	.012
	p-value	.000	.000	.875

** . Correlation is significant at the 0.01 level (1-tailed)

Source: **Survey, 2014**

4.4. Regression Analysis

The regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable explains the dependent variable i.e organizational commitment. Therefore, regression analysis of organizational climate dimensions and organizational commitment was conducted and the results of the regression analysis are presented as following:

4.4.1. Multi-collinearity

As with ordinary regression, for this study the researcher was checked this assumption with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious collinearity problem. (Liu2010) also suggests that a VIF value greater than 10 is because for concern and in these research data the values are below 10 for all predictors. It seems from these values that there is not an issue of co linearity between the

predictor variables. This means that the derived model is likely to be unchanged by small changes in the measured variables.

Table 4.9 Multi-co linearity test

Model	Co linearity Statistics	
	Tolerance	VIF
Support	.233	4.299
Trust	.246	4.072
Reward	.215	4.648
Autonomy	.516	1.937
Fairness	.506	1.976
Teamwork	.837	1.194

Dependent Variable :Organizational commitment

Source: Survey 2014

4.4.2. Regression Analysis of Trust and Organizational commitment

As the result of regression analysis of employees perception toward Trust and organizational commitment indicates, employees trust on manager influence organizational commitment in some extent. As shown in the table 4.9 Trust is explains the variability of organizational commitment. The value of adjusted R^2 in this model is .363, which implies that trust can account for 36.3% of the variation in employees" organizational commitment.

Table 4.10 Regression between Trust and organization commitment

Mode	β	Std. Error	t-stat	P-value	Adjusted R
1	.606	.095	9.896	.000	.363

Source: Survey 2014

Predictor: Trust ,Dependent: organizational commitment

4.4.3. Regression Analysis of Support and Organizational commitment

As indicated in the model summary of table 4.11 the employee's perception toward support explain employee's organizational commitment. As it was indicated in table 4.6, Support has significant relationship with organizational commitment and reported high level of significance $p < 0.01$. And also adjusted R square value of 0.376 confirming that, 38% of the variation in organizational commitment is explained by organizational support.

Table 4.11: Regression analysis result for Support and organizational commitment

Mod	β	Std. Error	t-stat	P-value	Adjusted R
1	.616	.108	10.16	.000	.379

Source: **Survey 2014**

Predictor: Support

Dependent: Organizational commitment

4.4.4. Regression Analysis of Reward, Recognition and organizational commitment

As the result of regression analysis of reward and organizational commitment indicates, reward explains organizational commitment in some extent. In this case again, the correlation result of these variables and the Adjust R square are taken into consideration. The Adjust R square is the total explained variance. The value of adjusted R^2 in this model is .296 which implies that reward and recognition can account for 29.6% of the variation in employees' organizational commitment.

Table 4.12 Regression Analysis result of Reward, Recognition and Organizational commitment

Mode	β	Std. Error	t-stat	P-value	Adjusted R
1	.548	.084	8.506	.000	.296

Predictor: Reward and Recognition

Dependent: Organizational commitment

Source: **Survey 2014**

4.4.5. Regression Analysis result for Autonomy and Organizational commitment.

As the result of regression analysis of relationship Autonomy and organizational commitment indicates, employees Autonomy explain employees' commitment to their organization in some extent. The adjusted R square is the explained variance and it is actually therefore, it is possible to conclude that 25.9% of Organizational commitment is explained by employees perception toward Autonomy.

Table 4.13 Regression Analysis of Autonomy an organization commitment

Mode	β	Std. Error	t-stat	P-value	Adjusted R
1	.513	.069	7.776	.000	.259

Predictor: Autonomy Dependent: Organizational commitment Source: **Survey 2014**

4.4.6. Regression Analysis of Fairness and Organizational commitment

Table 4.14 shows the results of regression analysis for employee's perception toward fairness and organizational commitment. In this case, the results of correlation of these two variables and adjusted R Square (0.102) are taken into consideration. Therefore, it is possible to state that 10.2% of employees' organizational commitment is explained by employees' Fairness.

Table 4.14. Regression between Fairness and organization commitment

Mode	β	Std. Error	t-stat	P-value	Adjusted R
1	.328	.064	4.510	.000	.102

Predictor: Fairness

Dependent: Organizational commitment

Source: **Survey 2014**

4.4.7. Regression Analysis result for relationship employee perception toward Team work and organizational commitment.

As it is indicated in table 4.15, Employee's cohesion has significant relationship with organizational commitment. In addition Adjusted R square value of 0.018 confirming that, 1.8% of the variation in organizational commitment is explained by employee's perception toward cohesion/ Satisfaction with co-workers.

Table 4.15 Regression Analysis for employees 'perception of Teamwork's and organization commitment

Mode	B	Std. Error	t-stat	P-value	Adjusted R
1	.155	.0	4.510	.000	.018

Predictor: Team work, Dependent: Organizational commitment

Source: **Survey 2014**

The purpose of the linear regression analysis discussed above was to determine the extent that the independent climate dimensions predicted or explained the variance of dependent variable. In addition to this, the research objective also interested to understand which dimension of organizational climate dimensions discussed in this research so far was most predict organizational commitment?

To determine which variable was most closely related to organizational commitment of employees, stepwise regression was used. With stepwise regression, the independent variable that contributes the most to explaining the dependent variable is entered first into equations. Subsequent variables are included based on their incremental contribution over the first variable and whether they meet the criterion for entering the equation. Variables may be removed at each step if they meet the removal criterion, which is a larger significance level than for entry.

Table 4.16. Stepwise linear regression with organizational commitment as the dependent variable and all statistically significant organizational climate dimensions as the independent variables.

Steps	R Square	Change in Square	R	F change	P value
Support	.379	.379		103.55	.000
Support, Trust	.394	.015		8.648	.000
Support, Trust, Reward & Recognition	.408	.014		8.64	.000
Support, Trust, Reward, Autonomy	.419	.011		5.99	.000
Excluded Variables, Fairness and team work,		Source: Survey 2014			

Step wise regression given in Table 4.16 shows that Support was the first and the most salient of the six variables that entered the regression equation, and accounted for 37.9% of the variation in organizational commitment.

At step 2, Trust in Management entered the regression equation and accounted for an additional 1.5% of the variation in organizational commitment. At step 3, reward and recognition entered the equation and accounted for an additional 1.4% of the variation in organizational commitment. Autonomy entered the equation at step 4 and accounted for an additional 1.2 % of the variation in the dependent variable. Together, these four variables explained 41.9% of the variation in organizational commitment. Fairness and team work did not enter the regression equation because they are under removal criteria. From this analysis it was clear that support had the most significant contribution on the organizational commitment of the employees.

CHAPTER FIVE

Summary of the Analysis, Discussion of the Results and Conclusion

5.1. Summary of the Analysis

As the demographic profile of the respondents indicates most of the respondents are Male i.e. 60%. The age of the majority of the respondents found within the age between 30 to 40 age group followed by respondents aged 20 to 29. Therefore, most of the current sample employees of the bank are less than age of 40 and considerably young. Most of the respondents are first degree holder's indicating 81% and majority has been working in a bank for between 2-5 years.

The relationship between the organizational climate and organizational commitment was assessed using a quantitative survey. Inferential statistics of quantitative analysis revealed significant relationships between most of aspects of organizational climate and organization commitment. The correlation analysis result indicates that organizational climate ($r=0.568$) and its six dimensions i.e. Reward and Recognition ($r=0.548$) Autonomy ($r=0.513$), Trust ($r=0.606$), Fairness ($r=0.328$), Team work ($r=0.155$), Support ($r=0.616$) have positive relations with organizational commitment of employees in Commercial Bank of Ethiopia. Among the six dimensions, support and the trust have the highest Positive correlation with Organizational commitment of employees and but according to result team work has small significant relationship with organizational commitment of employees. Organizational climate has significant relationship organizational commitment dimension, Affective commitment ($r= 0.550$, $p<0.01$) and Normative commitment $r=0.368$, $P<0.01$).

The analysis also produced a means of assessing the degree to which the different components of organizational climate aspects influence the different components of organizational commitment. As finding results indicate Organizational climate dimensions have significant contribution for employee's organizational commitment variably.

The regression analysis result is as follows

38% of employees' organizational commitment is significantly explained support.

36% of employees' organizational commitment is significantly explained by Trust.

29.9%of employees“ organizational commitment is significantly explained reward and recognition.

25.9%of employees“ organizational commitment is significantly explained by Autonomy

1.8% of employees“ organizational commitment is significantly explained by perception of Team work.

10.2% of employees“ organizational commitments significantly explained by perception fairness..

From the regression result it is observed that all organizational climate factors are significantly contribution organizational commitment of employees. Based on this regression it can be concluded that the change in organizational commitment is explained by organizational climate. The step wise linear regression of the independent variable that contributes the most to explaining the dependent variable shows that support ,Trust, Reward and Autonomy are most contribute for explaining the variability of organizational commitment.

Based on the finding the research hypothesis result also was summarized as follows Table-

Table 4.17: Summary of Hypothesis Testing

Serial No	Hypotheses	Test	Results
H1	There is no significant difference between demographic variable(Gender,Age,Work ,experience and level of education)Regarding organizational commitment and organizational climate	The independent samples T-test and A NOVA	Partially accepted
H2	Organizational climate has significant Relationship with was and organizational commitment.	Pearson correlation coefficient	Accepted
H3	Organizational climate dimensions have significant relationship with and organizational commitment.	Pearson correlation coefficient	Accepted
H4	organizational climate has significant contribution for organizational commitment variability	Regression analysis	Accepted
H5	organizational climate dimensions has significant contribution for organizational commitment variability	Regression analysis	Accepted

Source :Survey 2014

5.2. Discussion of the Results

The objective of this study was to investigate the relationship between organizational climate factors and employees organizational commitment. The literature has suggested that there is a relationship organizational climate and organizational commitment. This study makes contributions by exploring the relationship organizational commitment and organizational climate in general and dimensions in particular. The analysis results of the relationship between organizational climate in general and its dimensions in particular show that there is positive relationship with organizational commitment.

According to McMurray, Scott and Pace (2004) the climate of an organization is a result of the way in which workers perceive certain elements of the organization. Positive relationship between organizational climate and organizational commitment implies a few very important principles for human resource development. This study also revealed that organizational climate has significant relationship with organizational commitment ($r=0.568$, $p<0.01$). This research finding is consistent previous finding such as with McMurray, Scott and Pace (2004), Iqbal (2007), Fauziah et al. (2010). Their finding shows that there is positive relationship between organizational climate employee's organizational commitments.

As seen from the results, organizational climate has positive correlation with affective commitment ($r=0.550$, $p<0.01$) and significant, positive relationship with Normative commitment ($r=0.368$, $p<0.01$). It can also be said that 30% of the variance in affective commitment and 13% of the variance Normative commitment originate from organizational climate when coefficient of correlation ($r=0.55$ & 0.368) are respectively taken into consideration. However, the finding indicates that organizational climate and countenance commitment lacked significant relationship. As Allen & Meyer (1990) stated continuance commitment is about the costs of leaving the organization and is largely affected by the variables such as gender, age, seniority, career opportunities, salary, and marital status. This finding is consistence with the finding of Fauziah et al. (2010). Their finding Show that all variable of organizational climate are no significant relationship with countenance commitment but have significant with affective and normative commitment of organizational commitment dimension.

The finding suggests that there is significant relationship between organizational climate dimensions and employees' organizational commitment. As the result of correlation analysis for reward and recognition indicates it has significant relationship with organizational commitment.

Based on the Pearson correlation test of correlation results, this dimensions positively correlated with organizational commitment. In other words if the employees positively perceived the practice of the organization regarding to reward and recognition, they will be committed to their organization. Saks, (2006) suggested that when the employees received recognitions or rewards from their organization; they would be willingness to react through their best level of commitment towards their organization. The regression analysis of reward and recognition dimension and organizational commitment indicates that 29.60% of the variance in employee's organizational commitment has been significantly explained by reward and recognition. This implies that if the employees were perceived better organization practice regarding Reward and recognition they are more committed to their organization.

Trust is another dimension of organizational climate that is taken into account to explain employee's organizational commitment. Based on the correlation result as it is shown by Pearson correlation test, this dimension is positively and highly correlated with organizational commitment. According to Brower et al. (2009) Trust is shown as an important factor in improvement of organizational commitment and realization of organizational aims. Trust in organization and managers probably affect all activities of the organization.

Existence of a climate of trust in an organization keeps employees and management together and enables them to trust each other and act openly. With regard to the regression analysis of trust dimension and organizational commitment, 36.6% of the variance in organizational commitment is significantly explained by trust dimension. Dirks & Ferrin (2002) also suggested one of the Outcomes of Trust-in Supervisor and management is organizational commitment. Therefore employees trust on their management and organization has significant influence on their commitment toward their organization. Trust exists when employees enter an organization, and can be increased or decreased based on the actions by organizational representatives in power positions that violate the contract. Such contract violations may lead to disillusionment, dissatisfaction and exit

Another organizational climate factor is employee's perception toward Fairness practice of the managers and their organization. It has positive and moderate relationship with organization commitment. The correlation coefficient between these variables is 0.360. Williams, Pitre, and Zainuba (2002) stated if employees perceive unfair and then they may be less likely to perform, produce, and commit to the organization. With regard to the regression analysis of toward Fairness and Organizational commitment, 10.2% of the variance in employee's organizational commitment is significantly explained by employee's perception toward fairness. The implication from the findings in this study was that when employees have high perceptions of fairness in their organization, they are more likely committed to their organization. On the other hand, low perceptions of fairness are likely to cause employees to less commitment their organization.

Employee's perception toward support is another factor of organizational climate. According to Organ (1988) suggest that employees with higher levels of Perceived organizational support are likely to be more committed and possibly more willing to engage in extra role or organizational citizenship, behaviors than are employees who feel that the organization does not value them as high. On the other hand, Eisenberger (2003) stated that perceived organizational support strengthens employees' effort in the organization, resulting in greater efforts to fulfill the organization's goals. Return for a high level of support, employees work harder to help their organization reach its goals because organizational support has a significant effect organizational commitment. As it is indicated in the correlation analysis of current study, support dimension has positive and high relationship with employee's organizational commitment. The correlation coefficient between these variable is 0.616. Therefore, support of organization and supervisor for employees is increase the commitment of employees organization is increase. In addition regression analysis of the results shows that 38% of organizational commitment is explained by support dimension of organizational climate. Therefore in these studies, perceived organizational and supervisor support is an important factor in revealing organizational commitment. This

finding has consistence previous research, Benson (1996) study finding shows that organizational support has positive relationship with organizational commitment.

Autonomy is another factor of organizational climate. As the result of correlation analysis for Autonomy indicates it has significant relationship with organizational commitment. Based on the Pearson correlation test of correlation results, this dimension positively correlated with organizational commitment. Mathiew & Zajac (1990) Organizational commitment and autonomy are positively related Reasonable autonomy creates an organizational climate where organizational commitment can be nurtured and developed. They also indicated that the lack of autonomy and the use of close supervision in organizations result in diminished performance and employee stress. The regression analysis of employees Autonomy dimension and organizational commitment indicates that 25.9% of the variance in employee's organizational commitment has been significantly explained by autonomy. This is finding has consistence previous research, (Wallace *et al.*, 1996) study finding shows that organizational autonomy has positive relationship with organizational commitment.

Steers (1977) Satisfaction with co-workers is taken as a key of how employees value the nature of working relationships with coworkers, which in turn is expected to positively relate to commitment. Astri (2011) also stated that, teamwork facilitates the meeting of affiliate needs within the workplace and has been directly connected to organizational commitment. As the result of correlation analysis for team work indicates it has significant relationship with organizational commitment. According to Pearson correlation test of correlation results, this dimension positively correlated with organizational commitment. However the correlation coefficient ($r=155$) indicate that the relationship between employees perception cohesion and employees commitment is weak relationship. The regression analysis of employees teamwork only dimension and organizational commitment indicates that only 1.8 % of employees „organizational commitment has been significantly explained by employees perception of cohesion of co-workers. It has small effect on organizational commitment among other organizational commitment.

5.3.Conclusion

The objective of this study was to find out the relationship of Organizational climate and its dimensions with organizational commitment of employees in Commercial Bank of Ethiopia.

Based on previous theories and researches regarding organizational climate and its outcomes, this study shows the links between organizational climate and organizational commitment, which helps to deeply understand the relationship and interaction between relationships the two variables. This finding also support the view points that positive Organizational climate can enhance the positive perception of the employees toward their organization and then increase their commitment to their organization. Based on the study finding, it can be conclude that there was strong positive relationship between organizational climate and employees' organizational commitment. This implies that when employees have high positive perceptions their organizational climate, they are more likely to feel committed to their organization. On the other hand, negative perceptions of organizational climate are likely to cause employees to withdraw and uncommitted their organization

The study finding indicated that organizational climate dimensions which were discussed in this study (Support, Fairness, Trust, Autonomy, Reward and Recognition and cohesion of team workers) have positive association with employee's organization commitment and they are antecedents of organizational commitment of employees.

The research finding indicated that affective and normative commitment dimensions of organizational commitment are correlated significantly with organizational climate. But Continuance commitment dimension is lacked significant correlation with the organizational climate. The significant correlations between both affective and normative commitment, and the organizational climate dimensions were all positive. The other finding of this study is that organizational climate has grater significant influence on affective employee commitment than on normative commitment and continuance employee commitment.

In addition, all organizational climate dimensions have significant positive relationship with Affective and normative dimension of organizational commitment. The findings of this research revealed that organizational climate significantly contribute for variability of organizational commitment of employees. The regression results also revealed that organizational climate dimensions contributed predicting organizational commitment. These dimensions also contributed to predicting for affecting and normative organizational commitment dimensions in particular. The result of the study shows that the

support dimensions of organizational climate comparatively highest effect on predicting organizational commitment.

In general in this study quantitative research were consolidated and related to various aspects of the literature. The literature indicated that organizational climate encompasses a broad range of objective organizational characteristics, practices and policies that could be perceived in either a positive or a negative way by organizational members. These perceptions consequently affect their behavior and occupational well-being as well as important organizational outcomes such as organizational commitment. These quantitative findings contribute to the understanding of how the organizational climate aspects relate to the organizational commitment aspects within the given setting of environment. Based on the discussion so far, it can be concluded that organizational climate play an important role in enhancing Organizational commitment of employees. It is observed that there is direct and positive relationship between organizational climate factors and Organizational commitment of employees. It means that organizational climate factors are directly proportion to Organizational commitment. The change in organizational climate factors experienced in an organization necessarily changes the Organizational commitment of employees. Therefore, this finding is important for relevant organization to improve organizational climate perception of employees and then increase organizational commitment of employees“.

5.4.Implication for practice and Future Research

This present study should be replicated to assist in establishing a baseline for further research; however, an organization from a different industry should be used. The research study would further undertake, using a different industry each time, a cross section of Organizational climates can be assessed and any similarities can be evaluated. Since this study, when replicating, time frames should be increased or a larger sample should be taken to provide a larger set of correlation values and to provide greater validity to the findings.

In addition, the research approach that applied for this research is quantitative type only. Future researches incorporate qualitative data in order exploring more about employee“s perception relating to organizational climate

Therefore ,Future research can overcome limitations of the present study in terms of number of respondents and focusing on the whole country that will help in generalizing the findings of the study.

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Appendixes

Appendix 1

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

Questionnaire

Dear Respondents

I am graduating class of MBA student at Addis Ababa University. This questionnaire is prepared for research purpose entitled **Organizational climate and Organizational Commitment of employees in Case Commercial Bank of Ethiopia**. As member of your organization, your participation in this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose

INSTRUCTIONS: The questionnaires contain statements about organizational climate and Organizational Commitment. Give your own opinion and feeling about each item.

Please circle your response to each statement according to the following five-point scale in terms of your own agreement and disagreement of the statement.

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

Example: If you **strongly agree** with any of the statements given in the questionnaire, you should circle on #5 and if you **strongly disagree** with any statements please circle on #1. For the statement, where you cannot make a decision, circle on #3 and rate others categories accordingly

Dear respondent, some words in the questionnaire have special meanings you need to know. The definitions of some terms for the purpose of this Questionnaire are as follows

“**Supervisor**” means your boss or immediate manager

“Your Organization” implies your bank (commercial bank of Ethiopia)

Dear respondent here is my address ,contact me for any inconvenience

Name: Bekele Sarbessa

Email :bekelesarbessa@yahoo.com and Phone No: +251923756399

Section1. Demographic Information:

1. Years of experience in the bank

2 - 5years ☐ 6 -10 years ☐ 11 -4 years ☐ above 16 years ☐

2. Age: 20-30 ☐ 30-40 ☐ 40-50 ☐ above50 ☐

3. Gender: M ☐ F ☐

4. Your level of education

High School ☐

College diploma ☐

First Degree ☐

Masters degree ☐

Section 2: Items Related to Organizational Climate Factors

No	Description of Items	Strongly disagree	disagree	Neutral	Agree	Strongly agree
	Employees Perceived of Autonomy					
1	I make most of the decisions that affect the way I do my work.	1	2	3	4	5
2	I determine my own work procedure	1	2	3	4	5
3	I have independence for organizing my own work	1	2	3	4	5
4	I set the performance standards for my Job.	1	2	3	4	5
5	I organize my work as I see best	1	2	3	4	5
	Trust on managers					
1	My supervisor has a lot of personal integrity(honesty)	1	2	3	4	5
2	My supervisor is transparent	1	2	3	4	5
3	My supervisor is not likely to give me bad advice	1	2	3	4	5
4	I have confidence on my supervisor s to keep the things I tell him confidential	1	2	3	4	5
5	Management of the organization delivers what they promise	1	2	3	4	5
6	Our Staff members generally trust on their management	1	2	3	4	5
	Team work /cohesion					
1	My work group offer a support and encouragement to help each other"s succeed	1	2	3	4	5
2	Friendly atmosphere exist among most members of my work groups	1	2	3	4	5
4	I feel like I have a lot in common with the Commercial bank of Ethiopia"s employees I know	1	2	3	4	5
6	Employees in my work group are usually easy to communicate with each other about work problem.	1	2	3	4	5

7	There is a lot of team sprit among my work mates	1	2	3	4	5
8	Employees I work with are enjoyable	1	2	3	4	5
	Rewards and Recognition					
1	In our organization the employees efforts are adequately rewarded	1	2	3	4	5
2	The organization appreciates and takes care of employees competencies	1	2	3	4	5
3	When employees do something well, the supervisors praise them	1	2	3	4	5
4	My organization is quick to recognize good performance.	1	2	3	4	5
5	My supervisor knows what my strengths are and tells me.	1	2	3	4	5
6	The benefits offered at our organization are satisfactory	1	2	3	4	5
7	This organization treats its employees better in terms of monetary reward	1	2	3	4	5
	Employees Perception Toward Fairness					
1	My supervisors does not play favorites/discrimination	1	2	3	4	5
2	I am confident on a fair deal of my supervisor	1	2	3	4	5
3	In our organization people get reward and recognition based on how well they do their jobs	1	2	3	4	5
4	Promotion at my organization are handled fairly	1	2	3	4	5
	I feel that rewards employees receive at our organization is fair	1	2	3	4	5
6	The feedback I received appropriate for the work I have completed	1	2	3	4	5
7	My outcomes reflect what I have contributed to the organization	1	2	3	4	5
8	The objects my supervisors sets for my job are reasonable	1	2	3	4	5
	Employees perception Toward organizational/supervisor s Support					
1	My organization is supportive of my goals and values.	1	2	3	4	5

2	Help is available from my organization when I have a problem.	1	2	3	4	5
3	My organization really cares about my well- being.	1	2	3	4	5
4	My organization cares about my opinion.	1	2	3	4	5
5	The supervisor are willing to listen to their employees	1	2	3	4	5
6	My supervisors help me as I learn from my mistake	1	2	3	4	5
7	My supervisors is easy to talk to about Job-related problems	1	2	3	4	5
8	I feel that the organization has care for its employees	1	2	3	4	5

Section 3: Items Related to Organizational commitment of employees

	Affective commitment					
1	I would very happy to spend the rest of my Career with this organization.	1	2	3	4	5
2	I enjoy discussing my organization with People outside it.	1	2	3	4	5
3	I really feel as if this organization's problems are my own	1	2	3	4	5
4	I think that I could easily become attached to another organization as I am attached to this organization .	1	2	3	4	5
5	I do not feel like „part of the family“ in my Organization.	1	2	3	4	5
6	I do not feel „emotionally attached“ to this Organization	1	2	3	4	5
7	I do not feel a strong sense of belonging to my organization	1	2	3	4	5
8	This organization has a great deal of personal meaning for me.	1	2	3	4	5
Continuance Organizational Commitment Scale						
1	I am not afraid of what might happen if I quit my job without having another one job.	1	2	3	4	5
2	It would not be too costly for me to leave my organization now	1	2	3	4	5
3	Right now, staying with my organization is a matter of necessity as much as desire	1	2	3	4	5

4	I feel I have too few options to consider leaving this organization	1	2	3	4	5
5	One of the few serious consequences of leaving this organization would be the scarcity of available alternatives, benefits I have here	1	2	3	4	5
Normative Organizational Commitment Scale						
1	I think that people these days move from company to company too often	1	2	3	4	5
2	I do not believe that a person must always be Loyal to his or her organization.	1	2	3	4	5
3	Jumping from organization to organization does not seem at all unethical to me.	1	2	3	4	5
4	One of the major reasons I continue to work for this organization is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	1	2	3	4	5
5	If I got another offer for a better job elsewhere, I would not feel it was right to leave my organization	1	2	3	4	5
6	I was taught to believe in the value of remaining loyal to one organization	1	2	3	4	5

If any comment please well come

Your efforts are greatly appreciated

Thank you for your cooperation!!!!!!!!!!!!!!

Appendix 2

ANALYSIS OF VARIANCE: COMPARING ORGANISATIONAL CLIMATE commitment Age group

Post Hoc Tests

Multiple Comparisons

Bonferroni

Dependent Variable	(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
organizationcomm1	19-28	29-39	.34837	1.03197	1.000	-2.4070	3.1038
		40-50	-.20278	1.35687	1.000	-3.8257	3.4201
		50 ABOVE	6.21864*	2.02201	.015	.8198	11.6175
	29-39	19-28	-.34837	1.03197	1.000	-3.1038	2.4070
		40-50	-.55116	1.31186	1.000	-4.0539	2.9516
		50 ABOVE	5.87027*	1.99208	.022	.5513	11.1892
	40-50	19-28	.20278	1.35687	1.000	-3.4201	3.8257
		29-39	.55116	1.31186	1.000	-2.9516	4.0539
		50 ABOVE	6.42143*	2.17819	.022	.6055	12.2373
	50 ABOVE	19-28	-6.21864*	2.02201	.015	-11.6175	-.8198
		29-39	-5.87027*	1.99208	.022	-11.1892	-.5513
		40-50	-6.42143*	2.17819	.022	-12.2373	-.6055
	19-28	29-39	-6.86532	3.65032	.370	-16.6119	2.8812
		40-50	-4.74274	4.79956	1.000	-17.5578	8.0723
		50 ABOVE	6.56441	7.15229	1.000	-12.5326	25.6614
Organizational climate	29-39	19-28	6.86532	3.65032	.370	-2.8812	16.6119
		40-50	2.12259	4.64036	1.000	-10.2674	14.5126
		50 ABOVE	13.42973	7.04645	.350	-5.3847	32.2441
	40-50	19-28	4.74274	4.79956	1.000	-8.0723	17.5578
		29-39	-2.12259	4.64036	1.000	-14.5126	10.2674
		50 ABOVE	11.30714	7.70477	.865	-9.2650	31.8793
	50 ABOVE	19-28	-6.56441	7.15229	1.000	-25.6614	12.5326
		29-39	-13.42973	7.04645	.350	-32.2441	5.3847
		40-50	-11.30714	7.70477	.865	-31.8793	9.2650

*. The mean difference is significant at the 0.05 level.

Appendix 3

ANALYSIS OF VARIANCE: COMPARING ORGANISATIONAL CLIMATE and commitment by level of educations

Post Hoc Test

Multiple Comparisons

Bonferroni

Dependent Variable	(I) level of education	(J) level of education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
organizational commitment	COLLEGE DIPLOMA	FIRST DEGREE	-.90702	1.12903	1.000	-3.9216	2.1076
		HIGH SCHOOL	-3.02908	1.19579	.073	-6.2219	.1637
		MASTER	-4.38202	2.18918	.282	-10.2273	1.4632
	FIRST DEGREE	COLLEGE DIPLOMA	.90702	1.12903	1.000	-2.1076	3.9216
		HIGH SCHOOL	-2.12206	1.38351	.762	-5.8161	1.5720
		MASTER	-3.47500	2.29711	.793	-9.6084	2.6584
	HIGH SCHOOL	COLLEGE DIPLOMA	3.02908	1.19579	.073	-.1637	6.2219
		FIRST DEGREE	2.12206	1.38351	.762	-1.5720	5.8161
		MASTER	-1.35294	2.33065	1.000	-7.5759	4.8700
	MASTER	COLLEGE DIPLOMA	4.38202	2.18918	.282	-1.4632	10.2273
		FIRST DEGREE	3.47500	2.29711	.793	-2.6584	9.6084
		HIGH SCHOOL	1.35294	2.33065	1.000	-4.8700	7.5759
Organizational climate	COLLEGE DIPLOMA	FIRST DEGREE	-10.06657	3.95785	.071	-20.6342	-.5011
		HIGH SCHOOL	-7.85922	4.19187	.375	-19.0517	3.3333
		MASTER	-1.11657	7.67425	1.000	-21.6072	19.3741
	FIRST DEGREE	COLLEGE DIPLOMA	10.06657	3.95785	.071	-.5011	20.6342
		HIGH SCHOOL	2.20735	4.84994	1.000	-10.7422	15.1569
		MASTER	8.95000	8.05259	1.000	-12.5508	30.4508
	HIGH SCHOOL	COLLEGE DIPLOMA	7.85922	4.19187	.375	-3.3333	19.0517
		FIRST DEGREE	-2.20735	4.84994	1.000	-15.1569	10.7422
		MASTER	6.74265	8.17015	1.000	-15.0721	28.5574
	MASTER	COLLEGE DIPLOMA	1.11657	7.67425	1.000	-19.3741	21.6072
		FIRST DEGREE	-8.95000	8.05259	1.000	-30.4508	12.5508
		HIGH SCHOOL	-6.74265	8.17015	1.000	-28.5574	15.0721

Appendix 4

COMPARING ORGANISATIONAL CLIMATE and commitment by working experience

Post Hoc Test

Multiple Comparisons

Bonferroni

Dependent Variable	(I) experience	(J) exprience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
organizationcomm1	2-5	6-10	-.90702	1.12903	1.000	-3.9216	2.1076
		11-15	-3.02908	1.19579	.073	-6.2219	.1637
		16	-4.38202	2.18918	.282	-10.2273	1.4632
	6-10	2-5	.90702	1.12903	1.000	-2.1076	3.9216
		11-15	-2.12206	1.38351	.762	-5.8161	1.5720
		16	-3.47500	2.29711	.793	-9.6084	2.6584
	11-15	2-5	3.02908	1.19579	.073	-.1637	6.2219
		6-10	2.12206	1.38351	.762	-1.5720	5.8161
		16	-1.35294	2.33065	1.000	-7.5759	4.8700
	16	2-5	4.38202	2.18918	.282	-1.4632	10.2273
		6-10	3.47500	2.29711	.793	-2.6584	9.6084
		11-15	1.35294	2.33065	1.000	-4.8700	7.5759
	2-5	6-10	-9.99466	4.06100	.089	-20.8378	.8484
		11-15	-6.41672	4.30112	.826	-17.9009	5.0675
		16	-6.51966	7.87426	1.000	-27.5443	14.5050
	6-10	2-5	9.99466	4.06100	.089	-.8484	20.8378
		11-15	3.57794	4.97634	1.000	-9.7091	16.8650
Oc	11-15	16	3.47500	8.26246	1.000	-18.5862	25.5362
		2-5	6.41672	4.30112	.826	-5.0675	17.9009
		6-10	-3.57794	4.97634	1.000	-16.8650	9.7091
	16	2-5	-1.0294	8.38308	1.000	-22.4862	22.2803
		6-10	6.51966	7.87426	1.000	-14.5050	27.5443
		11-15	-3.47500	8.26246	1.000	-25.5362	18.5862
	2-5	6-10	-1.0294	8.38308	1.000	-22.2803	22.4862
		11-15					