



RESEARCH ARTICLE

A STUDY ON CORPORATE CULTURE AND COMMITMENT OF EMPLOYEES WITH REFERENCE TO BANKING INDUSTRY

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ABSTRACT

The Banking Industry in India mainly owned by the Government or Private sector or MNC organizations. These banks are known for their Corporate Culture and commitment of the employees. This articles addresses the prevailing and expected corporate culture and the present status of the commitment of the employees serving in the banks with special reference to Thanjavur District. The employees of the Banks are the essential human capital contributes towards the success of the Banks. Similarly the corporate culture prevailing in Indian Banking Industry helps the employees in running the bank branches in a careful way. All these achievements are possible with the help of committed work force. The work force in Indian Banking industry ensures letter work Ethics, professionalism in their approach, managing the branches and serving the customers.

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INTRODUCTION

Corporate culture of Banks

Corporate culture is the value system practiced by the employees and the management. The values, norms, customs are changing over a period of time. The Corporate Culture prevailing in the Banking Industry is too complex due to presence of many factors such as ownership of the banks, composition of the Top Management, belief system of the founder or the Government etc play a crucial role. Corporate culture refers to the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions. Often, corporate culture is implied, not expressly defined, and develops organically over time from the cumulative traits of the people the company hires. Corporate Culture of the Banks is one of the emerging areas in banking industry as the industry is matured enough. The culture of the banks percolated at various levels of the banks and influences the employees.

Corporate Culture

The definition of corporate culture initially focused on distinguishing levels of corporate culture and classifying culture as strong or weak cultures (Handy, 1976; Peters and Waterman, 1982). Many definitions of corporate culture gave primacy to the cognitive components such as assumptions, beliefs, and values (Denison, 1990; Handy, 1993; Mclean and Marshal, 1993). Other definitions include behaviors and artifacts, leading to a common distinction between the visible and the hidden levels of corporate culture (Schein, 1985). There are two perspectives in understanding corporate culture, the symbolic inter-actionist perspective (Blumer, 1969; Coolgy, 1922; Mead, 1934) and the social – anthropological perspective (Kluckhohn, 1951). The symbolic inter-actionist perspective view the exchange of symbols as the basis for the shared meaning for a group of social actors. Recognizing and using these symbols entails developing a 'self' defined in terms of culturally specified symbols. Stemming from this perspective myths (Eliade, 1959), archetypes (Mitroft, 1984), and stories and ideologies (Starbuck, 1982) are often useful in explaining objectively Corporate features as they embody and articulate the identity of Corporate members.

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Corporate Commitment

Corporate commitment remains a contested construct that has been conceptualized and measured differently. It is viewed from behavioral and attitudinal perspectives (Lok and Crawford, 2004). Behavioral commitment is concerned with the process by which an employee becomes part of a particular organization and appropriate behaviour exhibited by the employee (Meyer and Allen, 1991). On the other hand, attitudinal commitment views Corporate commitment in terms of the relationship between an employee and the organization, and the extent to which the employee and the organization share the same goals and values (Meyer and Allen, 1991). Despite the dichotomy between behavioral and attitudinal commitment, measures on the basis of attitudinal perspective have been most frequently validated and used in previous research (Lok and Crawford, 2004; Meyer and Allen, 1997; Price and Mueller, 1981; Steers, 1977). Based on attitudinal commitment, Mowday et al. (1979) define Corporate commitment as the relative strength of an individual's identification with, and involvement in a particular organization. This can be characterized by three related factors: a strong belief in and acceptance of the organization's goals and values; a willingness to exert considerable effort on behalf of the organization; and a strong desire to maintain membership in the organization. Lok and Crawford (2004) argue that Mowday et al.'s (1982) conceptualization of Corporate commitment is consistent with the attitudinal perspective. This conceptualization is measured via Mowday et al.'s (1979) corporate commitment questionnaire (OCQ) which will be used in this study.

Need for the Study

This present study focuses exclusively on the Corporate Culture and Employee Commitment in different banks. This study confined with the public sector, private sector, MNC banks, new generation banks and banks from other segments. The study is carried out in Thanjavur District, which is one of the states where different types of banks are doing business.

Objectives of the Study

- To understand the demographic characteristics of the Bank employees of different types of banks.
- To measure the employee commitment of different types of banks.
- To explore the key determinants of Corporate culture of the banks.
- To measure the variation in the influence of the determinants on the employee commitment.

Limitations of the Study

This article focuses on the employee commitment in Indian Banking Industry and to identify how the Corporate culture brings in corresponding improvement in the way how these banks overall performance. This study is applicable only for the selected banks in Indian Banking Industry within Tamil Nadu may not be applicable for other areas. The results as shown are applicable for the selected sample of respondents from the selected branches of the banks located all over Thanjavur District. The opinion of the bank employees are purely their own and personal in nature.

Literature Review

Smirich (1983) pointed out that both functionalists and interpretive scholars have written about and produced studies on corporate culture. She argued that the two groups understand organizational culture in entirely different ways. To a functionalist culture is something that an organization has and which works as a control mechanism to shape behavior. It is considered a physical reality, directed by actions of senior management. The interpretive sees culture "as the essence of organizational life". It is considered as a process of enactment, a mental state which is reproduced by all members through sharing off meanings. Corporate culture perceived this way is not limited to the mission statements, corporate credos, and other slogans but also include the daily practices of organizational life (Morgan, 1997). Kluckhorn (1954) defined culture as a patterned manner of thinking, feeling and reacting, which is acquired and communicated through symbols and embodied in artifacts. Hofstede (1980) defined culture as a set of mental programs that control an individual's response in a given context. Schein (1992) defined organizational culture as a pattern of basic assumptions - invented, discovered or developed by a given group as it learns to cope with the problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore, to be taught to the new members as the correct way to perceive, think, and feel in relation to these problems'. This corporate culture assumes significance as it relates with overall performance and employees motivation.

Schneider (1987) proposed that individuals may be attracted to organizations they perceive as having values akin to their own. The values and attitudes of managers significantly influence the functioning and effectiveness of the organization. Effective organizations use values to structure information in order to provide both a focus and reminder as the values highlight the most critical information while de-emphasizing less silent issues (Clampitt, 2001). The successful organizations consider the ideal employees as those who have internalized the organizations culture into their cognitive and affective makeup (Peters and Waterman, 1982). There are many top level management professionals Indian Banking Sector has seen and each of them contributed to the betterment of Banks. Multiple definitions of commitment are found in the literature. Mowday, Steers, and Porter (1979) identified behavioral and attitudinal definitions of commitment. Behavioral commitment also referred to as attribution commitment in the literature, involves "behaviors that exceed formal and/or normative expectations" (p. 225). Salancik (1977) proposed that behaviors that are explicit, irrevocable, volitional, and public bind individuals to the behaviors, thus causing greater commitment. In this approach, employees are viewed as becoming committed to a particular course of action, rather than to a particular entity; commitment is developed retrospectively (Meyer & Allen, 1997). Meyer and Allen (1997) caution that the different components of commitment may have different consequences for work-related behavior for example; continuance commitment may be related to retention because the costs of leaving an organization are too high. These employees do not possess an emotional attachment to the organization. Therefore, continuance commitment may or may not relate to performance outcomes. An emphasis on employee retention to the exclusion of performance would be unhealthy for an organization. The employee retention helps

the Bank to perform better and minimize his cost of recruitment of new employees.

Sources of Data

The primary data is collected through the questionnaire. The initial contacts with the employees of the Banks were done by doing direct freezing calling to their respective bank branches, regional offices located various towns in Thanjavur District.

RESEARCH DESIGN

Research design is a master plan specifying the methods and procedures guiding researcher to collect their data and analysis for their research. The most common research designs that the researchers always uses is exploratory, descriptive and causal. In the present study, exploratory and descriptive study is used as a purpose of the study to obtain and analyze the data.

Data Analysis

Analysis and interpretation are central steps in the research process. The aim of the analysis is to organize, classify and summarize the collected data so that they can be better comprehended and interpreted to give answers to the questions that triggered the research. Interpretation is the search for the broader meaning of findings. Analysis is not fulfilled without interpretation; and interpretation cannot proceed without analysis. So, both are inter dependent. In this article a detailed analysis of the collected data has been attempted as per the objectives stated earlier. Hypotheses are also tested based on the findings of the study, interpretations and conclusions are drawn. In this article the following statistical techniques for the analysis of the data gathered for the present study viz., Descriptive analysis and Inferential statistics etc.

Descriptive Analysis

Distribution of Respondents based on the Gender

S. No	Family Income	No. of respondents	Percentage of respondents
1	Male	531	50.1
2	Female	529	49.9
	Total	1060	100.0

Source: Data generated from the respondents

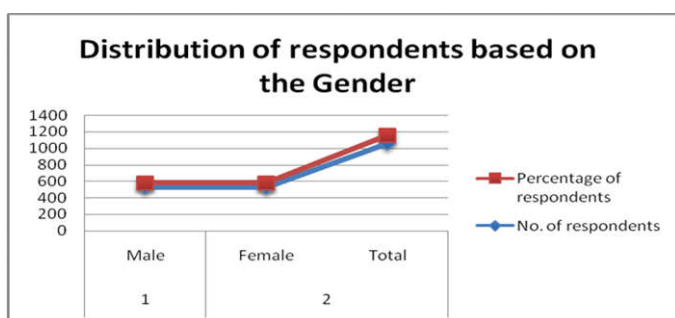


Figure 1. Line Diagram Respondents based on the Gender

The above table shows the distribution of gender of the respondents. The highest 50.1% of the respondents are male followed by 49.9 % of the respondents are female. It is inferred that the highest respondents are male followed by female respondents.

Distribution of Respondents based on the Age Group

S.No	Frequency of the age group (In years)	No. of respondents	Percentage of respondents
1	Below 30	172	16.2
2	30-45	377	35.6
3	Above 45	511	48.2
	Total	1060	100.0

Source: Data generated from the respondents

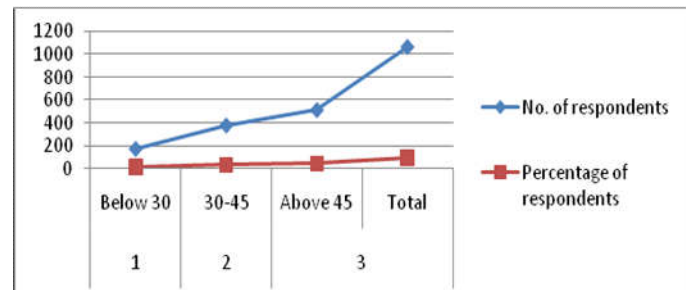


Figure 2. Line Diagram Respondents based on the Age Group

The above that Table shows the distribution of age group of the respondents. The highest 48.2% of the respondents are in the age group of above 45 years. Followed by 35.6 % of the respondents are in the age group of 30-45 years and 16.2% are in the age group of below 30 years.

Inferential analysis on Sample

The Table shows the gender wise distribution of respondents based on the Corporate Culture of the Banks. Based on the mean score , Bank's Culture Assessment (94.92) is the most important factor considered by the Male employees of the Bank 's corporate culture followed by Bank's Culture Assessment (92.94) is the most important factor considered by the Female employees of the Bank 's corporate culture, Corporate Culture (78.17) by the male, (76.27) by the female, Overall Existing Culture(74.59) by the male, (72.81) by the female, Overall Preferred Culture (73.32) by the male , (71.12) by the female. Team Work (32.25) by the male , (31.91) by the female, Out of the three Banking Commitment levels, Affective Banking Commitment(28.05) by the male and (27.51) by the Female. Based on Mean score Male Employees of the Bank are better with the Corporate Culture of the Banks. This is due to their perception about the Corporate Culture of the Banks and their ability to embrace the Culture on their own. Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to dimension of Corporate Culture of the Banks such as Corporate Culture, Overall Preferred Culture, Normative Commitment Scale and Normative Banking Commitment. Hence there is significance difference between male and female employees of banks with regard to the dimension of Corporate Culture of the Banks.

Since P value is less than 0.05, the null hypothesis rejected at 5% level, with regard to Corporate Culture of the Banks such as Overall Existing Culture, Affective Commitment Scale, Continuance Commitment Scale, Bank's Culture Assessment, Affective Banking Commitment and Normative Banking Commitment .Hence there is significance different between male and female with regard to Corporate Culture of the Banks. The male employees of the Bank tend to show better receptivity for the Banks overall Culture. They show a positive response to wards the Normative Banking Commitment when compare with female employees.

T test for significant difference between male and female with Respect to dimension of Corporate Culture of the Banks

Gender wise Distribution of Respondents	Gender				T Value	P Value	Sig. (2- tailed)
	Male		Female				
Description	Mean	SD	Mean	SD			
Corporate Culture	78.17	7.32	76.27	7.41	4.194	0.001	<0.001*
Team work	32.25	4.58	31.91	5.09	1.141	.254	.254
Overall Existing Culture	74.59	8.88	72.81	9.15	3.205	.001*	.000**
Overall Preferred Culture	73.32	8.47	71.12	8.61	4.186	<0.001**	.000**
Affective Commitment Scale	17.95	3.56	17.43	4.12	2.214	.027*	.254
Continuance Commitment Scale	17.55	4.26	16.93	4.75	2.223	.026*	.254
Normative Commitment Scale	17.53	3.78	16.74	4.10	3.240	<0.001*	.001**
Bank's Culture Assessment	94.92	12.57	92.94	11.46	2.674	.008*	.001**
Affective Banking Commitment	28.05	3.95	27.51	4.35	2.139	.033*	.000**
Continuance Banking Commitment	22.08	4.04	21.36	4.26	2.799	.005*	.000**
Normative Banking Commitment	19.20	4.02	17.87	4.55	5.025	<0.001**	.027*

Source: Data Generated From the Employees of the Banks.

Note: 1. ** denotes significant at 1% level

2. * denotes significant at 5% level

Result of ANOVA Test for significant difference between age group with respect to dimension of Corporate Culture of the Banks

		Age Group in Years			F Value	P Value
		Below 30	31-45 Years	Above 45		
Corporate Culture	Mean	75.51	77.05	77.92	7.018	.001**
	SD	3.817	.0022	(7.34)		
Team Work	Mean	3.34	31.91	32.46	2.419	.089
	SD			(4.92)		
Overall Existing Culture	Mean	72.48	73.58	74.21	.477	.621
	SD	(9.3)	(9.25)	(8.08)		
Overall Preferred Culture	Mean	71.65	72.41	72.28	.460	.632
	SD	.477	.621	(8.62)		
Affective Commitment Scale	Mean	17.47	17.67	17.79	1.867	.155
	SD	(4.23)	(3.83)	(4.44)		
Continuance Commitment Scale	Mean	16.50	17.24	17.49	4.650	.010**
	SD	(4.84)	(4.45)	(4.44)		
Normative Commitment Scale	Mean	16.73	17.02	17.36	2.211	.110
	SD	3.119	.045	(3.98)		
Bank's Culture Assessment	Mean	93.22	92.69	95.08	8.237	.000**
	SD	(11.56)	(11.89)	(12.26)		
Affective Banking Commitment	Mean	27.62	27.49	28.06	1.229	.293
	SD	(4.35)	4.20	(4.06)		
Continuance Banking Commitment	Mean	20.66	21.66	22.13		
	SD	4.650	.010	(4.05)		
Normative Banking Commitment	Mean	18.12	18.49	18.71		
	SD	(4.56)	(4.32)	(4.27)		

Source: Data generated from the employees of the Banks

1. ** denotes significant at 1% level.

2. * denotes significant at 5% level.

Anova test for significant difference between age group with respect to dimension of corporate culture of the banks

Null Hypothesis: There is no significant difference between age group with respect to dimension of Corporate Culture of the Banks. The Table 4.3.4 shows the age group of employees of the bank based on the Corporate Culture of the Banks. Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to dimension of Corporate Culture of the Banks such as corporate culture of the banks, assessment of banks overall culture and continuance banking commitment. Hence there is significance difference between age group of employees of banks with regard to the dimension of Corporate Culture of the Banks.

Conclusion

To succeed in the face of increasing competition, the banking industry needs improved productivity at all levels.

This need requires the enthusiastic commitment of all employees that can only be achieved through better Corporate Culture of the Bank. Therefore, with this theoretical background it may be concluded, that the treatment of employees, rather than rewards or the perceived fairness of the organizational system, may be more important in the manifestation of organizationally desirable behaviors. If management applies procedures and treats employees with their superior values, they will directly influence employees' commitment and organizational development of the banks.

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