

Factors Influencing Organizational Commitment of Private Life Insurance Employees in Chennai City

D. Vetrivelan and M. Krishnamoorthi

Assistant professor, Department of management Studies,
Priyadarshini Engineering college, Vaniyambadi, Vellore Dt. 635601, Tamilnadu, India

Abstract: Organizational Commitment has been conceptualised & measured in different ways. This study is an attempt to identify the factors influencing organizational commitment of private life insurance employees in Chennai City. It is also important as suggestions can be given to the Private life insurance sector in order to bring an awareness of the commitment level of employees. Gaining awareness of commitment level and the respective influencing factor will help concentrate on increasing the commitment of employees. Using the measures developed by Mowday; Steers and Porter, the researchers have exploited Friedman test analysis to identify the factors influencing the organizational commitment of employees.

Key words: Organizational commitment • Private Life insurance and Friedman test

INTRODUCTION

The corporates are facing various challenges with the advent of intense competition to increase the market share in liberal and global business environment, the most prominent is to rapidly change the business models. To continuously change the business models is inevitable to accommodate the liberalization and globalization forces, which have also brought tremendous business opportunities. The liberalization removes regulatory restrictions to create competitive context, at the same, globalization has created the scope for geographical business expansion. Nevertheless, corporate can devise whatever appropriate model to compete for growth; it is only the employee's high performance that can give companies an edge over the competitors. An organization must create conducive work environment to excel the performances of employees to avail these new growth and expansion opportunities. Companies, therefore, are realizing the fact that their people are only the source of competitive advantages. It will help the organization to change continually to align themselves with environmental imperatives. Therefore, these new economic forces, such as global competition and environmental turbulence are creating an unprecedented need for committed employees. But these forces have also led to low motivation and commitment of employees in the

wake of corporate downsizing and cost cutting to increase productivity and efficiency. It is a challenge for organisation to bring out the highly motivated and committed behaviours of employees. Towards this end, there is need to produce intrinsically motivated and committed employees for high task performance.

Organizational Commitment and its Literature: In recent years, researchers concerned with understanding why some organizations perform better than others frequently have looked to the employee's organizational commitment as a predictor for explaining the sustained competitive advantage some organizations possess. Organisational commitment focuses on a bond linking individuals to the organization [1,2,3]. When employees demonstrate high levels of commitment, the organization is able to move towards its mission, developing a congruence of purpose [4,5]. Organisational commitment has been viewed as a distinct construct from career commitment Greenhaush [6] work commitment Lodahl & Kejner [7]; Marrow & McElroy [5] and professional commitment Hall [9], Meyer, Allen and Smith, [4] Irving, Coleman and Cooper [10]. The concept of organizational commitment gained credibility in 1970 through the research of Lyman Porter *et al.* [11]. Mowday, Porter and Steers [12] define organizational commitment as "the relative strength of an individual's identification with and involvement

in a particular organization." Conceptually it can be characterized by at least three factors: (a) a strong belief in and acceptance of the organization's goals and values; (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to maintain membership in the organization" (Mowday, Porter and Steers, [12]. As earlier researches have highlighted the problem of conceptual and operational ambiguities in the organizational commitment literature, the definition leads to consistency of the study of organizational commitment (Reicher's [13]. Categories of Organisational Commitment, Porter *et al.* [14] discussed the attitudinal component of organizational commitment. It is known as affective organizational commitment and represents the degree of loyalty an individual has for an organization. This aspect of organizational commitment emphasizes an individual's identification and involvement in the organization. Becker [15] formulated the "side-bet theory", which attempted to explain the process by which employees attach themselves to organizations through investments such as time, effort and rewards. These investments, however, have costs, which reduce to some degree, an employee's freedom in his or her future activity. Employees get locked into the organization because of the costs incurred upon leaving. The side-bets are also referred as calculative commitment [16,1]. Reichers [17] conceptualized commitment in terms of multiple constituents and reference groups by defining commitment as side-bets (the rewards and costs of organizational membership), attributions (the "binding" of the individual to behaviour over a period of time) and goal congruence between the employee and the organization. O'Reilly and Chatman [18] categorized organizational commitment into three distinct dimensions: Compliance, identification and internalization. Compliance is the instrumental involvement of the employee with the organization for extrinsic rewards. Identification refers to involvement based on a desire for affiliation. Internalization is the involvement predicted on the congruence between individual and organizational values. Meyer and Allen [19] developed the tricomponent model to understand the concept of organizational commitment. Meyer & Allen [19] opined that attitudinal aspect of commitment, in organizational context, consists of affective commitment, normative commitment and continuance commitment [20,3]. Allen & Meyer [21] define affective commitment as an employee's "emotional attachment to, identification with and involvement in the organization" [21]. Continuance commitment has a rational orientation and is "based on the costs that employees associate with leaving the organization"

Allen & Meyer [21]. Normative commitment is has an employee feeling of obligation to remain with the organization. Normative commitment focuses on the "right or moral thing to do" (Weiner [22]). It focuses on the obligation or moral attachment of employees, which is produced by the employee's socialization or organizational values and goals and the associated sense of obligation (Allen & Meyer [21], Weiner [22]. "Employees with strong affective commitment remain because they feel they want to, those with strong normative commitment remain because they feel they ought to and those with strong continuance commitment remain because they feel they need to" [4]. Organizations are still finding strategies to retain good workforce and understand the turnover intentions of employees. Software companies in India are providing good salary packages, excellent performance based bonus and incentives, but all this does not prevent employees from quitting [23].

OBJECTIVES:

- To identify the items influencing Organizational Commitment of employees among private life insurance employees in Chennai city.
- To give suggestions to the private life insurance employees about the factors influencing Employee commitment level in the organization as it in turn influences the productivity.

Methodology: The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents. The study is confined to a few selected private life insurance companies in Chennai. The researcher has taken top 15 private life insurance companies, which are operating in Chennai city. Multi-Stage Random Sampling Method was used in the study to select the sample. 450 questionnaires have been distributed and after the scrutiny of these questionnaires, some of the questionnaires were rejected and finally 434 completed questionnaires were used for the present study.

Measurement: To measure the organizational commitment the researcher used a shorter version of the attitudinal organizational commitment questionnaire (OCQ) by Porter and Smith was the scale that was used and its Cronbach's Alpha Co-efficient was tested and found as 0.781.

Sample items were: “I talk up this organization to my friends as a great place to work”, “I am proud to tell others that I am a part of my organization”, “I really care about the success of my organization”.

Analysis and Interpretation: Friedman Test- Influencing Factors Organizational Commitment

Factors	Mean	SD	Mean Rank
Desire to retain membership in the organization	4.72	1.35	3.99
Belief in and acceptance of the values and goals of the organization	4.73	1.42	3.97
Willingness to exert effort on behalf of the Organization	4.76	1.42	3.98
I am proud to tell others that I am part of the organization	4.81	1.47	4.10
I really care about the fate of this organization	4.78	1.50	4.14
I would accept almost any type of job assignment in order to keep working for the organization	4.67	1.54	3.89
For me this is the best of all possible organizations to work for	4.72	1.49	3.93

Interpretation: It could be noted from the above table that among the 7 factors “I really care about the fate of this organization” was ranked first. It is followed by the “I am proud to tell others that I am part of the organization” was ranked second “Desire to retain membership in the organization” was ranked third.

CONCLUSION

It is disclosed from the study that most of the respondents have a desire to retain membership in the organization and they also stated that they really care about the fate of the organization and they are willing to exert effort on behalf of the organization. It is a good sign for the managers and organization, so managers can impart gradually organizational commitment among employees by creating a desirable corporate culture by stimulating employees and rewarding both quality performance and company loyalty.

REFERENCES

1. Mathieu, J.E. and D.M. Zajac, 1990. A review and meta-analysis of the antecedents, correlates and consequences of organizational commitment. *Psychological Bulletin*, 108(2): 171.
2. Meyer, J.P. and N.J. Allen, 1991. A Three Component Conceptualization of Organizational Commitment, *Human Resource Management Review*, 1(1): 61-89.

3. Meyer, J.P. and N.J. Allen, 1997. Meaning of commitment, *Commitment in the Workplace: Theory, Research and Application*, Chapter 2 - Meaning of commitment, Sage, Thousand Oaks, CA, pp: 8-22.
4. Meyer, J.P., N.J. Allen and C.A. Smith, 1993. Commitment to organizations and occupations: Extension and test of a three-component conceptualization. *Journal of Applied Psychology*, 78(4): 538.
5. Vancouver, J.B., R.E. Millsap and P.A. Peters, 1994. Multilevel analysis of organizational goal congruence. *Journal of Applied Psychology*, 79(5): 666-679.
6. Greenhaus, J.H., 1971. An investigation of the role of career salience in vocational behavior. *Journal of Vocational Behavior*, 1(3): 209-216.
7. Lodahal, T. and Kejner, 1965. The definition and measurement of job involvement, in *Journal of Applied Psychology*, 49: 24-33.
8. Morrow, P.C. and J.C. McElroy, 1986. On assessing measures of work commitment. *Journal of Organizational Behavior*, 7(2): 139-145.
9. Hall, R., 1968. Professionalism and Bureaucratization, in *American Sociology Review*, 33: 92104.
10. Irving, P.G., D.F. Coleman and C.L. Cooper, 1997. Further assessments of a three-component model of occupational commitment: Generalizability and differences across occupations. *Journal of Applied Psychology*, 82(3): 444.
11. Porter, Lyman W., *et al.* 1974. Organizational commitment, job satisfaction and turnover among psychiatric technicians. *Journal of Applied Psychology*, 59.5: 603.
12. Mowday, R.T., L.W. Porter and R. Steers, 1982. Organizational linkages: The psychology of commitment, absenteeism and turnover.
13. Rubin, R. and L. Buttlar, 1992. A study of the organizational commitment of high school library media specialists in Ohio, *Library Quarterly*, 62(3): 306-324.
14. Porter, L.W., R.M. Steers, R.T. Mowday and P.V. Boulian, 1974. Organizational commitment, job satisfaction and turnover among psychiatric technicians. *Journal of Applied Psychology*, 59(5), 603.pp. 32-42.
15. Becker, H.S., 1960. Notes on the concept of commitment, *American Journal of Sociology*, 66: 32-42.

16. Hackett, R.D., P. Bycio and P.A. Hausdorf, 1994. Further assessments of Meyer and Allen's (1991) three-component model of organizational commitment. *Journal of Applied Psychology*, 79(1): 15.
17. Reichers, A.E., 1985. A review and reconceptualization of organizational commitment. *Academy of Management Review*, 10(3): 465-476.
18. O'Reilly, C.A. and J. Chatman, 1986. Organizational commitment and psychological attachment: The effects of compliance, identification and internalization on pro social behavior. *Journal of Applied Psychology*, 71(3): 492.
19. Meyer, J.P. and N.J. Allen, 1988. Links between work experiences and organizational commitment during the first year of employment: A longitudinal analysis. *Journal of Occupational Psychology*, 61(3): 195-209.
20. Meyer, J.P. and N.J. Allen, 1984. Testing the side-bet theory of organizational commitment: Some methodological considerations, *Journal of Applied Psychology*, 69: 372-378.
21. Allen, N.J. and J.P. Meyer, 1990. The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of occupational psychology*, 63(1): 1-18.
22. O'Reilly, C.A., J. Chatman and D.F. Caldwell, 1986. People and organizational culture: a profile comparison approach to assessing person-organization fit, 1; 34: 487-516.
22. Wiener, Y., 1982. Commitment in organizations: A normative view. *Academy of management review*, 7(3): 418-428.
23. Raman, R., V. Bharathi, S. Allen and S. Joseph, 2013. Use of structural equation modelling to empirically study the turnover intentions of information technology professionals in Pune city. *Indian Journal of Science and Technology*, 6(12): 5612-5624.