

THE INFLUENCE OF DEMOGRAPHICS ON EMPLOYEES' COMMITMENT: CASE STUDY AT THE JOINT - STOCK COMMERCIAL BANKS IN HANOI, VIETNAM

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ABSTRACT

The study examines the influence of demographics on employees' commitment by surveying 324 employees in joint-stock commercial banks. The EFA and ANOVA analysis are used to analyze the exploratory factor for the dependent variables. The results of the research showed that gender, age, working years, and average income, affecting employees' commitments differently in joint-stock commercial banks. Besides, the leaders in joint-stock commercial banks need to learn and research to increase the employees' commitment levels in the industry.

Keywords: *Employee commitment, Affective Commitment, Normative Commitment, Continuance Commitment, Banks, Demographic.*

INTRODUCTION

Several studies have used demographic variables such as age, length of service, education level, and marital status as predictors of employee engagement with the organization (Angle and Perry, 1981; Chughtai and Zafar, 2006). Meyer et al (1989) also concluded the premise of organizational engagement including demographic variables, interpersonal differences, work experience, and investments.

Debates surrounding the relationship between demographic variables and organizational engagement indicate that variables such as age, long-term positions, job characteristics, gender workers women are variables that increase the personal investment in the organization and the costs associated with leaving the organization (Becker, 1960). In the research of Meyer et al. (1989), there is a positive trend between organizational engagement and demographic variables such as age and title appointment. Synthesized in studies shows that the underlying factors influencing organizational engagement include age, gender, marital status, education level, length of service, and leadership style (R Yahaya and F Ebrahim, 2016).

Newstrom and Davies (2002) define employees' commitment as the degree to which an employee identifies with the organization and wants to remain actively involved in the organization. It is a measure of an employee's willingness to stay at work with an organization in the future. It often reflects the employee's belief in the organization's mission and goals is the willingness to give it their best in their mission, and the intention to continue working there. Commitment is often stronger in long-term employees who have had personal success in the organization, and who work with a committed group of employees.

If individuals have a high commitment, they will clearly define the goals and values of the organization, and at the same time, they will have a great desire to become a member of that organization and be willing to show behavior. The employees will be willing to add work outside of his or her scope of duties and responsibilities, consistently demonstrating their best efforts within the organization. Conversely, if the employee is not committed, he or she not only does not contribute to the organization but may also be thinking of leaving the organization (A.Ahmad and Z.Omar, 2010). Furthermore, in some cases, it threatens the long-

term survival of the organization. It not only affects the organization but also affects the morale of the person staying behind.

The employee's commitment to the organization relates to the employee's loyalty to the organization, willingness to make efforts on behalf of the organization, the level of goals and values between the employee and the organization, and the expectations of the organization. Employees' organizational commitment is an important issue as it can be used to predict employee performance, absence, and other behavior (Dordevic, 2004; Owoyemi et al., 2011).

Allen and Meyer (1991) affirmed that organizational commitment is often considered the employee's psychological state towards the organization, including the following three factors: (1) Affective Commitment; (2) Continuance Commitment; (3) Normative Commitment

Affective Commitment: According to Allen and Meyer (1990), affective commitment expresses a desire to stay in the organization based on the individual's feelings for the organization. When researching organizational commitment in the Chinese, Fu et al. (2014) emphasized that the components based on Emotions are considered the most important and valuable attachment because they can influence other factors over the long term. He et al (2011) identified that employees who are emotionally engaged will have confidence in the values, culture, and goals set by the organization.

Continuance Commitment: According to Allen and Meyer (1990), continuance commitment is the employee's desire to stay in the organization because they are aware of the costs associated with leaving the organization. Besides, it is described as "perceptions of how expensive it is to end the association with the organization" (Meyer and Herscovitch, 2001). Because it is related to employee contributions in the past. Consequently, it can be said that continuance commitment is the result of individual investment and the limited perceived employment opportunities outside the organization (Allen and Meyer, 1990; Howard S. Becker, 1960; Powell and Meyer, 2004).

Normative Commitment is the desire of the employees to stay in the organization because they feel it is their duty. High standards-based engaged workers stay in the organization because that's what they think is the right thing to do (Meyer and Allen, 1991). In the research of Meyer and Parfyonova (2010), normative commitment includes two aspects: "moral responsibility" and "obligation based on gratitude" to organizations. Hence, norm-based cohesion exists when workers have a feeling that staying in an organization is "right" or "ethical" (Colquitt et al., 2010; Allen and Meyer, 1990). Therefore, employees will have high standards of commitment if they are influenced by others by emphasizing their loyalty to the organization.

RESEARCH METHODS

Quantitative research is done through the method of sampling of employees, managers, leaders in joint-stock commercial banks in Hanoi. With a sample size $N = 5 * k$ in which k is the number of variables in the model (Mac Clallum et al., 1999), and it is used for descriptive research and discovery. After surveying, the collected data will be imported and cleaned to analyze. Due to cost constraints, this study uses a convenient sampling method, with primary data collected by a questionnaire. This is the method by which researchers ask questions to obtain desired information.

In this study, 500 questionnaires were sent to employees working at joint-stock commercial banks in Hanoi, Viet Nam by direct routes and social networks. The research team received 392 votes, of which 324 were used for analysis. Staffs in the study sample were between 23 and 50 years old; Nearly 58% are female and over 42% are male. Regarding income, nearly 38% of employees had monthly income less than 8 million VND and over 62% had from 8 million VND. Also, up to 43.9% of the interviewed staff working in the sales department, 33.3% comes from customer service and the rest comes from the support department.

RESEARCH FINDINGS

- *Analyzing the exploratory factor for the "Affective Commitment" variable*

Table 1: The results of Analyzing the exploratory factor for the "Affective Commitment" variable

No	Scales	Factors
		1
1	AFC1	0.840
2	AFC2	0.895
3	AFC3	0.793
4	AFC4	0.906
5	AFC5	0.822
6	AFC7	0.662
Eigenvalues		4.070
Variance Extracted (%)		68.740
Sig.		0.000
KMO		0.88

Source: Author calculations based on survey data (2020-2021)

The results of the conformity test are shown in Table 2: KMO coefficient = 0.88 meets the condition $0.5 < \text{KMO} < 1$, thus, the exploratory factor analysis is suitable for actual survey data of the study. The sig value of Bartlett's test = 0.000 < 0.05 shows that the observed indicators have a linear correlation with the representative factors. The value of the Eigenvalue coefficient of the factors are all satisfactory is greater than 1. Finally, the results of factor analysis show that all variables have factor loading (above 0.5). Thus, that scale "Affective Commitment" reaches the convergent value.

- Analyzing the exploratory factor for the "Continuance Commitment" variable

Table 2: The results of Analyzing the exploratory factor for the "Continuance Commitment" variable

No	Scales	Factors
		1
1	COC1	0.901
2	COC2	0.904
3	COC3	0.945
4	COC5	0.902
5	COC8	0.747
Eigenvalues		3.893
Variance Extracted (%)		77.67
Sig.		0.000
KMO		0.863

Source: Author calculations based on survey data (2020-2021)

The results of the conformity test are shown in Table 2: KMO coefficient = 0.863 meets the condition $0.5 < \text{KMO} < 1$, thus, the exploratory factor analysis is suitable for actual survey data of the study.

The sig value of Bartlett's test = 0.000 < 0.05 shows that the observed indicators have a linear correlation with the representative factors. Besides, the total variance extracted is 77,67% (bigger than 50%). This indicates that one factor above explains 77,76% of the variability of the data. The value of the Eigenvalue coefficient of the factors are all satisfactory is greater than 1. Finally, the results of factor analysis show that all variables have factor loading (above 0.5). Thus, that scale "Continuance Commitment" reaches the convergent value.

- Analyzing the exploratory factor for the "Normative Commitment" variable

Table 3. The results of Analyzing the exploratory factor for the "Normative Commitment" variable

No	Scale	Factor
		1
1	NOC1	0.833
2	NOC2	0.892
3	NOC3	0.812
4	NOC4	0.879
5	NOC6	0.816
6	NOC7	0.687
Eigenvalues		4.110
Variance Extracted (%)		68.54
Sig.		0.000
KMO		0.854

Source: Author calculations based on survey data (2020-2021)

The results of the conformity test are shown in Table 3: KMO coefficient = 0.854 meets the condition $0.5 < KMO < 1$, thus, the exploratory factor analysis is suitable for actual survey data of the study.

The sig value of Bartlett's test = 0.000 < 0.05 shows that the observed indicators have a linear correlation with the representative factors. Besides, the total variance extracted is 68,540% (bigger than 50%). This indicates that one factor above explains 68.54% of the variability of the data. The value of the Eigenvalue coefficient of the factors are all satisfactory is greater than 1. Finally, the results of factor analysis show that all variables have satisfactory factor load factors (Factor loading greater than 0.5). Thus, that scale "Normative Commitment" reaches the convergent value.

The results of exploratory factor analysis (EFA) showed that the variables committed to stick achieved convergent values. Therefore, the EFA analysis is suitable to the research data and there is no new factor arising in the analysis.

- *Roles of demographic variables*

The authors use one-sided ANOVA analysis to analyze the role of the demographic variables to organizational commitment such as Gender; Education level; Working period; department and average income. The results are shown in Table 4 as below:

Table 4: The results of demographic analysis

Demographic variables	Commitment	Variance testing		ANOVA	
		Levene Sta.	Sig.	F	Sig.
Gender	AFC	1.932	0.166	4.138	0.043
	COC	1.473	0.226	1.579	0.21
	NOC	4.153	0.043	3.391	0.067
Age	AFC	5.027	0.002	8.047	0.000
	COC	2.324	0.075	4.266	0.006
	NOC	9.182	0.000	10.009	0.000
Education level	AFC	0.592	0.554	1.010	0.366
	COC	0.837	0.434	0.686	0.504
	NOC	1.522	0.220	1.230	0.294
Experience	AFC	2.121	0.098	6.547	0.000
	COC	0.985	0.400	3.060	0.029
	NOC	4.550	0.004	9.217	0.000
Department	AFC	2.955	0.054	2.498	0.084

	COC	1.526	0.219	1.379	0.254
	NOC	3.318	0.038	3.195	0.043
Average Income	AFC	6.133	0.003	12.956	0.000
	COC	1.263	0.284	8.176	0.000
	NOC	9.750	0.000	12.314	0.000

Source: Author calculations based on survey data (2020-2021)

By gender, Male Employees have a higher commitment than Female employees. This result is suitable for the results in Akinbayo (2010). In the banking industry, the characteristics of work are high pressure. Besides, the risk and responsibility are also higher than in other industries. Therefore, men are better able to respond to specific requirements, so their commitment to sticking is higher than that of women. Also, due to socio-cultural factors, men are more committed to working in the office rather than at home. In contrast, female employees are often less committed to office work than with home responsibilities (Akinbayo, 2010).

By age, employees under the age of 25 commit better than above 25. This is the age that employees are accumulating experience, learning professionally. In contrast, over 25 when employees have experienced, solid expertise, stable personal life, they accumulate a lot of work experience, so the commitment of this group of employees will be weaker.

By the working years, employees with the seniority of fewer than 3 years, the commitment to stick better than employees with seniority of more than 3 years. Similar to their age, employees with seniority of fewer than 3 years are often in the process of job exploration, learning professional expertise, so their commitment will be better. Also, longtime employees have more relationships, so they can easily receive invitations in better positions and their commitment is weaker.

By average income, the commitment of those earning less than 5 million is higher than that of other employees. This result contradicts the theory of need. However, there is an explanation in the banking industry that the salary below 5 million often falls on new employees, apprentices. Therefore, their expectation for income is better when making more contributions, so their commitment is also better.

In addition, the results of the study do not found signs of the difference in the commitment by education level and department function.

CONCLUSION

The results of the study show that the demographic variables affecting the employee's commitment in joint-stock commercial banks differ by employee group and commitment type, as follow:

- The difference in the affective commitment by gender;
- Difference in continuance commitment by age;
- Differences in affective commitment and continuance commitment by experience and average income.

On that basis, banks implement measures to strengthen employee commitment that varies by gender, age, experience, and average income.

The limitation of this study is the sampling method. Due to using a convenient sampling method, the number of samples is small and the uneven distribution among the bank branches in the region. So in the future, there will be new studies to overcome these limitations.

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