

THE EFFECT OF THE ORGANIZATIONAL CULTURE ON THE AFFECTIVE COMMITMENT: CASE STUDY AT THE JOINT - STOCK COMMERCIAL BANKS IN HANOI, VIETNAM

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ABSTRACT

Employee commitment has a great influence on an organization's performance, and a committed individual is an important factor in achieving a competitive advantage. The study used the three-component model of J.P. Meyer and N.J. Allen (1991) on organizational commitment to focus on in-depth analysis of the influence of the organizational culture on the affective commitment. Through the expert survey, the study provides scales for organizational culture and affective commitment. At the same time, by quantitative research, the study uses a convenient sampling method with a sample size of 500 employees to measure the impact of the organizational culture on employee's affective commitment in joint-stock commercial banks in Hanoi, Vietnam. The results of the research show that policy and communication of the banks positively affect employee commitments. The research has also supported the inclusion of new scales in the model because it has improved the predictability of the proposed framework in determining employee affective commitments.

Keywords: Organizational Culture, commitment, affective commitment, commercial bank.

INTRODUCTION

The term "organizational culture" began to appear in the 1930s as part of a trend of research on human relationships (Robyn R.M et al., 2004). However, the concept of organizational culture at that time was only in the "primitive" form, it was understood simply as a form of culture existing in the organization. Organizational culture has been studied by scientists for many decades. It was not until the 1980s and especially the 1990s that the concept of organizational culture was widely disseminated (Muhammad S. et al., 2010). Because the researchers believe that there is a close relationship between organizational culture and organizational performance (Xiaoming C. et al., 2012). Besides, it is considered to be one of the important factors, an intangible asset that determines the success of an organization (Muhammad S. et al 2010).

Newstrom and Davies (2002) define an employee's commitment as the degree to which an employee identified 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 mandate. The commitment is often stronger in long-term employees having success in the organizations and working with a committed group of employees.

Employee commitment has a great influence on the organization's performance (Ranya Nehmeh, 2009). Studies have shown that an individual's commitment is an important factor in achieving competitive advantage (Bryant et al., 2007). If an individual has a high

commitment, he or she will clearly define the goals and values of the organization, and they will have a great desire to become a member of that organization and be willing to show active behavior with it. The employee will be willing to add work outside of his or her duties, consistently demonstrating their best efforts within the organization. Conversely, if an employee is not committed, he or she not only does not contribute to the organization but also be thinking of leaving it. The dismissal of employees is seen as a serious problem for the organization (Ahmad and Omar, 2010). Furthermore, in some cases, it threatens the long-term survival of the organization. Studies show that the cost of leaving an employee is very high (Ramsey Smith, 2004). These costs include recruitment, training (Alexander et al., 1994), social costs (Des and Shaw, 2001), temporary reductions in productivity (Osterman, 1987), and more importantly, the organization also loses other hidden knowledge. So the organization urgently needs to have action to increase the employee's commitment to the organization.

There are many studies in the world showing that one of the factors that help connect employees with the organization is organizational culture. In the field of business administration, organizational culture is mentioned due to its effect on a range between individual and organization outcomes such as commitment, loyalty, revenue, and satisfaction (Chow et al., 2001). Besides, studies also claim that the organizational culture is an intangible property of the organization, contributing to its great strength. It is deeply rooted in the belief, so it plays an important role in the implementation of the objectives and tasks, creating strength from within the organization (Kotter and Heskett, 1992). At the same time, it can influence the thinking, emotions, interactions, and performance of the organization (Yusof and Ali, 2000; Saeed and Hassan, 2000).

In Vietnam, commitment to the organization is a concept that has not been studied much (Thang, 2015), so this topic is very limited. Commitment is seen as an important factor in retaining talented employees, encouraging employees to participate in activities for the organization and thus strengthening employee commitment is a goal of many managers (Thang, 2015). This becomes even more important for the current Vietnamese economic context when it joins the globalization trend in the world. This issue is also particularly important to the operations of the banking industry - a particular business sector that requires high criteria in employees, managers, and executives. In recent years, joint-stock commercial banks in Viet Nam also need to focus on improving the performance to increasing its competitiveness, including the building of organizational culture. Therefore, the study of the organizational culture will have great significance for that unit.

RESEARCH MODEL

Organizational culture is very important in developing and sustaining employee commitment (Deal and Kennedy, 1982; Silverthorne, 2004). Besides, shared values are an aspect of corporate culture that enhances employee identity and organizational commitment (Sathe, 1983). This clearly shows that employees are committed to the organizations of value they shared (Bretz and Judges, 1994; Nazir, 2005).

The employee's commitment to the organization relates to the employee's loyalty, willingness to make efforts on behalf of the organization, the level of goals and values between the employee and the organization, and the desire of the employees hired by the organization (Messner, 2013). Collaboration and teamwork, performance management, autonomy and freedom, rewarding and recognition, and achievement-driven are believed to be positive predictors of various aspects of the company operations (Jain and Moreno, 2015). Employee

commitment to the organization is an important issue because it can be used to predict employee performance, absence, and other behavior (Dordevic, 2004; Owoyemi et al., 2011). The components of an employee's commitment to the organization reported by Meyer and Allen (1997) include three elements: (1) Affective Commitment; (2) Continuance Commitment; (3) Normative Commitment.

Recardo and Jolly (1997), Meyer and Allen (1991) verified that organizational culture practices affect employee commitment, modeled by five factors. This model is still considered to be the main basic model, used and developed by many international and domestic scholars in their research such as Mersen B (2016), Rehena GN (2015), Wolfgang M (2013), Mandan M., et al (2012), Do Huu Hai, (201), Vo Thi Thu Dieu (2020). Specifically, five factors of organizational culture are:

Communication: The various management theories and policies show that there is a need for a positive relationship between communication and organizational commitment. The well-organized communication between employees and managers ensures they do their job well (Recardo and Jolly, 1991, 1997; Huff et al., 1989).

Training and Development: Wagonhurst (2002) indicated that training and development are like the development of skills, identifying measurable goals, and must lead to an observable change in behavior. It is believed that employee satisfaction with their ability to increase their commitment to the organization (Recardo and Jolly, 1991, 1997).

Reward and Recognition: It can be defined as salary increases, bonuses, and promotions awarded to employees having outstanding performance (Recardo and Jolly, 1991, 1997; Kambey et al., 2016).

Teamwork: It can affect an employee's commitment (Recardo and Jolly, 1991, 1997). Teamwork occurs when members work together to accomplish a goal (Schermerhorn, 2003). It refers to interpersonal activities that facilitate the achievement of goals (Colquitt et al., 2009). The employee's commitment to the task is higher when the organization's goals are important and the team has confidence in its ability to be achieved (Gary, 2009).

Job Satisfaction: It is to make employees proud of their work contribution and satisfied with their position in the organization. If employees feel satisfied in their job, the organization will be more coherent and synergistic. This is an important factor that helps to develop the organization (David H Maister, 2001; Mowday et al., 1974).

Basing on the review of the researches and adopting the theoretical basis of the influence of the organizational culture on the commitment, the research team proposes a research model like Figure 1 below:

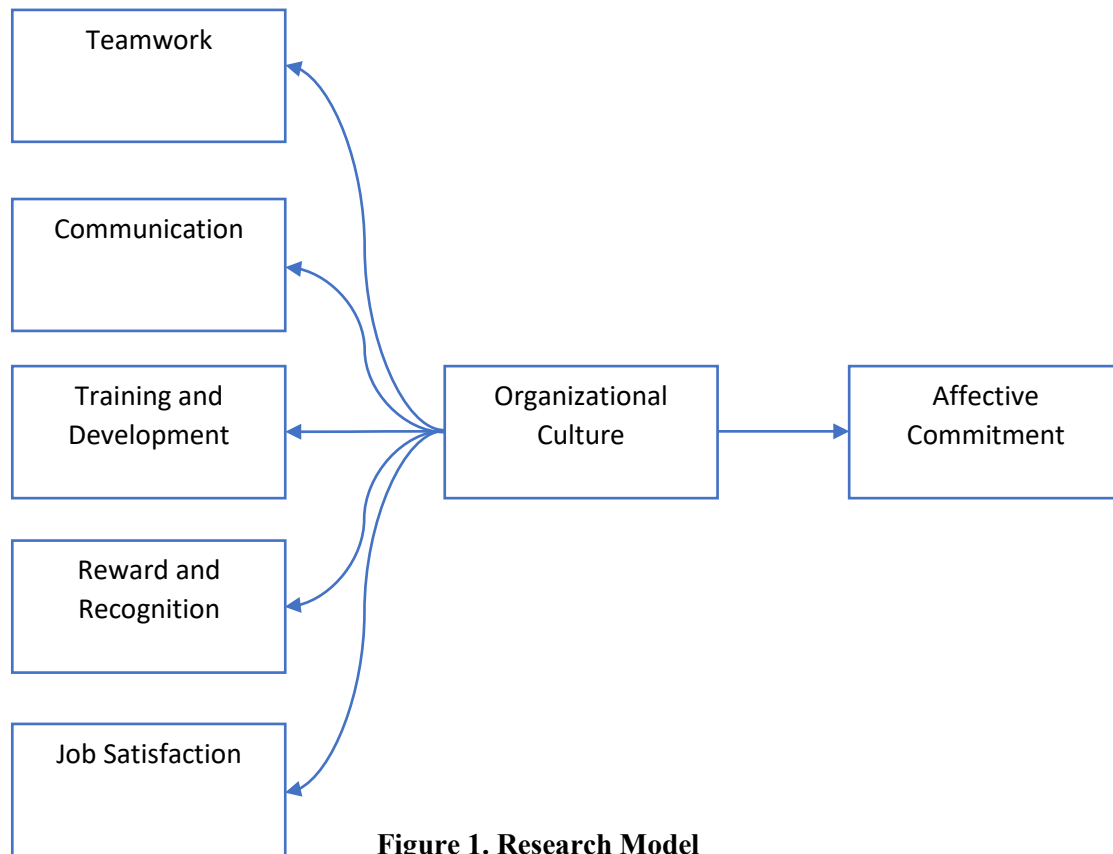


Figure 1. Research Model
Source: Self-built authors

RESEARCH METHODS

Scales

The scales used in this study are inherited from previous studies. The scales all use the 5-point Likert format, of which the 1 is completely disagree and the 5 is strongly agree.

The scales of affective commitment are inherited from the study of Meyer and Allen (1991), Porter et al., (1974); Mowday, Steer and Porter (1979); with 6 items. To measure the organizational culture, the research inherited and modified the scales of Cameron and Freeman (1991), Recardo and Jolly (1991, 1997), Huff (1989); Postman (2001), and Do Huu Hai (2014). The scales include 32 items, of which 4 items measure "communication" in the organization; 5 items measuring "training and development"; 6 items measuring rewards and recognition scales; 8 items measuring "teamwork" and 9 items measuring job "satisfaction".

Sample size

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.

RESEARCH FINDINGS

The results of factor analysis

The results of scale/variable

The study uses the Likert scale to survey employees' opinions at commercial banks about organizational culture and affective commitment in the organization. Therefore, the study was conducted to test the reliability of the scales in this research model.

(i) *Testing the reliability of scales***Table 1. The results of testing the reliability of the scale**

No	Scale	Items	Cronbach Alpha
1	Communication	GT1, GT2, GT3, GT4	0,843
2	Training and Development	DT1, DT2, DT3, DT4, DT5	0,899
3	Teamwork	LN1, LN2, LN3, LN4, LN5, LN6, LN7, LN8	0,915
4	Reward and Recognition	PT1, PT2, PT3, PT4, PT5, PT6	0,905
5	Job Satisfaction	HL1, HL2, HL3, HL4, HL5, HL6, HL7, HL8, HL9	0,902

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

The results of Table 1 show that Cronbach's alpha coefficients are all greater than 0.6 so that the scales are of good quality, reliable enough to perform the next steps of exploratory factor analysis.

(ii) *Testing the conformity of the EFA*

The results of the conformity test are shown in Table 2: KMO coefficient = 0.814 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.

Table 2. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,839
Approx. Chi-Square		12108,164
Bartlett's Test of Sphericity	df	496
	Sig.	,000

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

The results of exploratory factor analysis - EFA

The results of testing the scales confirmed enough reliability, consistent with the EFA method. The study takes the next step, EFA analysis. The results are shown in Table 3:

Table 3. Rotated Component Matrix

	Component			
	1	2	3	4
HL6	,793			
HL7	,792			
DT4	,737			
PT5	,725			
DT3	,715			
PT4	,576			
LN4	,555			
LN2		,853		
LN5		,765		
PT6		,738		
LN1		,655		
LN8		,622		
LN6		,598		
GT4			,778	
GT2			,711	
PT3			,686	
GT3			,640	
DT1			,544	
HL8				,782
HL9				,684
LN7				,625

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

The results of the component analysis show that the convergence results accurately and fully reflect. The value of the load factor of the items gave the final result with 21 items out of 32 initial items on 4 factors. Based on the results of the rotated component matrix, the study renamed the factors used in the research model as follow:

The first factor, including 7 items: HL6, HL7, DT4, PT5, DT3, PT4, LN4, is named CS (Polic).

The second factor, including 6 items: LN2, LN1, LN5, LN6, LN8, PT6, is named LN (Teamwork).

The third factor, including 5 items: GT2, GT3, GT4, PT3, DT1 is named GT (Communication).

The fourth factor, including three items: HL8, HL9, LN7, is named HL (Job Satisfaction).

After being tested for reliability, conformity, rotated component matrix, items are calculated into representative factors (from the original 5 factors into 4 new factors) and were included in the research model of affective commitment.

After testing and implementing EFA, the results of factor analysis are used in the research model of the influence of organizational culture on employee affective commitment in commercial banks in Hanoi City, Viet Nam.

The results of regression analysis

Before estimating the effect of the organizational culture on the commitment, to ensure that the independent variables used in the model do not have multicollinearity, the study performed multicollinearity tests between the independent variables through the Pearson correlation coefficient matrix. The results show that the correlation coefficients are all less than 0.7, so there is no evidence of a strong correlation between the independent variables, these independent variables are exogenous, eligible to use in the next step of regression.

Implement a model to estimate the effects of the organizational culture on affective commitments in commercial banks in Hanoi city, Viet Nam. The results showed that the Adjusted R Square = 0.621, so 62.1% of the change in the level of affective commitment is explained by the independent variables.

Table 4. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54,120	4	13,530	133,783	,000 ^b
	Residual	32,363	320	,101		
	Total	86,483	324			

a. Dependent Variable: TC

b. Predictors: (Constant), HL, GT, LN, CS

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

As a result of Table 5, the Sig value = 0.000 < 0.05, so it is appropriate to use the regression function to analyze it.

The results of estimating the effects of organizational culture on affective commitment in commercial banks in Hanoi city, Viet Nam are shown in Table 5:

Table 5. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	,142	,189		,750	,054		
CS	,323	,060	,327	5,378	,000	,863	1,158
¹ LN	,210	,066	,175	3,192	,002	,643	1,556
GT	,230	,060	,206	3,819	,000	,840	1,490
HL	,204	,057	,192	3,597	,000	,692	1,445

a. Dependent Variable: TC

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

From the results of the research, the authors have some comments on the impact of the culture on the employee's affective commitment at the commercial banks in Hanoi, Viet Nam as follows:

The variable "Policy" has a coefficient of 0,323, a relationship in the same direction with the variable TC. It shows that the staff of the commercial banks assessed this factor increased by 1 point, their commitment increased by 0,323 points.

The variable "Teamwork" has a coefficient of 0.210, a positive relationship with the variable TC. When the staff of the commercial banks rated this factor increased by 1 point, their affective commitment increased by 0,210 points.

The variable "Job Satisfaction" has a coefficient of 0,204 and has a positive relationship with the variable TC. When the staff of the commercial banks rated this factor increased by 1 point, their affective commitment increased by 0,204 points.

The variable "Communication" has a coefficient of 0,230, has a positive relationship with the variable TC. When the staff of the commercial banks rated this factor increased by 1 point, their affective commitment increased 0,230 points.

Table 6. The important position of the factors

Independent Variable	Value	%
Policy	0,323	33,40
Communication	0,230	23,78
Teamwork	0,210	21,72
Job Satisfaction	0, 204	21,10
Total	0,967	100

Source: Synthesized from analysis results

The variable CS contributed 33.40%, the variable GT contributed 23.78%, the variable LN contributed 21.72%, and the variable HL contributed 21.1%. Thus, through the tests, we can confirm the factors affecting the affective commitment in order of importance are: CS, GT, LN, HL.

CONCLUSION

The results of empirical research show that the organizational culture affects the affective commitment of the employees in the commercial banks in Hanoi, Viet Nam in order of importance are:

Policy: When the organization has good policies for employees (policies on training and development or good reward recognition policy), it encourages employees' morale and commitment to emotional attachment.

Communication: The active exchange of information and mutual support in the organization will facilitate the completion of work between the parties.

Teamwork: When teamwork is developed, the problems in the work are solved more quickly and effectively, which encourages employee commitment.

Job satisfaction: If there is the satisfaction of employees, the bank will be more coherent and unanimous and this is an important factor to develop a bank.

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