

EMPLOYEE COMMITMENT AND TURNOVER INTENTIONS IN NEW GENERATION COMMERCIAL BANKS IN ILORIN METROPOLIS

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Citation: Mawoli, M.A. & Bolawa, T.O. (2020). Employee commitment and turnover intentions in new generation commercial banks in Ilorin metropolis. *KIU Interdisciplinary Journal of Humanities and Social Sciences*, 1(3), 25-34

ABSTRACT

This study examines the effect of Affective, Continuance and Normative Commitments on employee's intention to quit employment in Commercial Banks in Ilorin Metropolis. The population of the study comprised employees of Money Deposit Banks established after Nigerian independence (New Generation Banks) operating in Ilorin metropolis. Simple random sampling was used to select 229 banks' staff and subsequently surveyed using a close-ended questionnaire instrument. The study employed mean and standard deviation to summarize the research data for further statistical processing, while multiple regression was employed for hypotheses testing. The study established that continuance and normative commitment impacted significantly on employee turnover intentions in the new generation banks; however, only affective commitment exerted insignificant effect on employee turnover intention in the banks. The study, therefore, recommends that the banks' management should improve on staff welfare that boosts employees' continuance commitment level so as to minimize their intention to leave. Also, it recommends that the bank management should prioritize staff development to boost employees' commitment to the banks thereby reducing their intention to quit.

Keywords: Bank, Intention to Leave, Employee Commitment, Recruitment

INTRODUCTION

Employee commitment is the extent to which an employee is willingly attached, devoted, connected, loyal, responsible or bound to an organization and its goals and mission that enhance his/her productivity as well as organizational performance sustainably (Qureshi,

Qureshi, Thebo, Shaikh, Brohi and Qaiser, 2019; Akintayo, 2010). Employees become committed when their organizations have invested in them especially in training and development (normative commitment), when the economic and social welfare gains is higher in the current job compare to alternative employment opportunities outside the firm (continuance commitment), and longer employment tenure and job security is guaranteed (affective commitment), among others. Committed employees hardly develop turnover intentions (Lo, 2012; Ireferin and Mechanic, 2014), which is defined as the probability of an employee remaining or quitting his/her current job (Noe, Hollenbeck, Gerhart and Wright, 2016). High employee turnover rate means greater percentage of employees quitting employment in a given year, which is costly to an organization as new staff must be sourced to replace the exiting staff through recruitment, selection, training and orientation, besides the tacit knowledge lost to the competing organizations.

Several studies have examined the relationship and/or effect between employee commitment and employee turnover intentions with mixed results. For example, the works of Meyer and Allen (1991), Guntur, Haerani and Hasan (2012), Tnay, Othman and Siong (2013) and Pawirosumarto and Annur (2017) found that employee commitment had no significant effect on employee turnover intentions. In contrast, the study by Rohani, Mishaliny and Haryanni (2012), Dole and Schroder (2001), Khatri and Homma (2001) and Mathukumara and Lavanyalatha (2019) revealed that employee commitment had significant effect on employee turnover intentions. Differences in the scope of these past studies may account for the inconsistent findings; thus, refocusing research lens on the effect of employee commitment on turnover intention in the Nigerian Banking sector may further enrich the Human Resource Management literature.

Fapohunda (2019) established high rate of voluntary turnover among the Deposit Money Banks (DMB) in Nigeria, and emphasize the need for the banks' human resource managers to develop and implement employee retention policies and strategies such as employee motivation, satisfaction, and commitment to reverse the trend. Since employee motivation and satisfaction reinforces employee commitment, this study concentrated on examining the effect of employee commitment on turnover intentions in the New Generation Banks located in Ilorin metropolis. The subsidiary objectives of the study are to:

- i. Examine the effect of employees' affective commitment on their turnover intentions in the New Generation Banks located in Ilorin metropolis;
- ii. Ascertain the effect of employees' normative commitment on their turnover intentions in the New Generation Banks in Ilorin metropolis; and
- iii. Determine the effect of employees' continuance commitment on their turnover intentions in the New Generation Banks located in Ilorin metropolis.

LITERATURE REVIEW

Extant literature reported mixed findings on the extent to which employee commitment to an organization predicts their turnover intentions (intention to quit). Ertosun and Erdil (2012) found that affective commitment has a mediating effect on the relationship between social companionship and intention to leave; however, affective commitment has no mediating effect on relationship between emotional deprivation and intention to leave. This finding may not be reliable as the population and sampling technique adopted were not explained, though 203 employees from various sectors were surveyed using a questionnaire containing 5-point Likert's scale adopted from Allen and Meyer. The study of Tnay, Othamn, Siong and Lim (2013) established insignificant association between employees' organizational commitment and turnover intentions; however, the study was silent about the sampling technique that led to the use of 100 samples of employees which makes its findings and recommendations less reliable even though the research variables were measured using a scale and the research hypotheses tested using Person's correlation. Another study by Jehanzeb and Rasheed (2013) reported significant negative relationship between organizational commitment and employee turnover intentions in Saudi Arabia; that is, increase in the employees' commitment to the organizations reduces their intention to leave and vice versa. In Jehanzeb and Rasheed's study, 350 employees were randomly sampled from the private firms (banks, fast food, telecommunication and retails) and surveyed by means of questionnaire while the variables and hypotheses were measured and tested using 5-points Likert's scale and correlation tool respectively. Limiting their study to correlation test creates a vacuum as regards the effect of employee commitment on turnover intention in the surveyed firms.

Furthermore, Akinruwa, Ajayi and Akeke (2014) confirmed that 'leadership style', 'unrealistic targets' and 'job security' are significantly correlated with employee turnover intentions in Nigerian commercial banks. Questionnaire survey, 85 samples of current and ex-employees of the selected banks, purposive and convenient sampling techniques and regression were employed as the research methodology; however, the study does not concentrate purely on the generally acceptable determinants of organizational commitment (e.g. affective, continuance and normative factors) as well as turnover intention (Fapohunda, 2019; Al-Mamun and Hasan, 2017; Hana and Lucie, 2011) but on other predictors of the variables (e.g. leadership style, unrealistic targets and job security). Faloye (2014) established significant positive relationship between affective commitment and turnover intention on the one hand, and continuance commitment and turnover intention on the other hand; however, the relationship between normative commitment and turnover intention is insignificant. The findings emanated from a survey of 144 sampled police staff in Akure, Nigeria and the application of correlation technique to test hypotheses

with its attendant limitations as earlier pointed out.

In particular, Yasmin and Marzuki (2015) ratified that affective and normative commitment has significant impact on the nurses' intention to quit; while continuance commitment has no significant impact. The study adopted survey research design, sampled 305 nurses in a psychiatric hospital in Pakistan, and analyzed the data using Structural Equation Modeling (SEM). In addition, Mathukumara and Lavanyalatha (2019) found that employee commitment exercise significant effect on turnover intentions among employees of private and public banks in India. Mathukumara and Lavanyalatha's study relied on a survey design, stratified random sampling of 221 bankers, structured variable measurement scale, and regression to arrive at proclaimed findings.

METHODOLOGY

Quantitative, descriptive and explanatory survey research designs are critical to the success of this research endeavor. The justification for using a survey is because the study requires primary data from the bank staff to achieve the stated research objectives; also, the survey (structured questionnaire) instrument enabled gathering of raw data which was coded and transformed into quantifiable data for on-ward quantitative analysis. In addition, the descriptive research design was used to describe the research variables and their determinants in their true forms. Likewise, the explanatory research design was employed for the purpose of predicting the extent to which changes in the dependent variable (employee's turnover intention) is explained by the main independent variable (employees commitment) and sub-independent variables (affective, continuance, and normative commitments).

The population of the study comprised all the 903 banks' staff working with the 12 New Generation Banks (NGB) in Ilorin metropolis, namely Access Bank (180 staff), Access-Diamond Bank (64 staff), Eco Bank (35 staff), Fidelity Bank (37 staff), First Monumental Bank (40 staff), Guarantee Trust Bank (200 staff), Stanbic IBTC Bank (40 staff), Polaris Bank (115 staff), Sterling Bank (25 staff), Unity Bank (42 staff), Wema Bank (80 staff), and Zenith Bank (45 staff). Due to incessant day-time armed robbery of commercial banks in Nigeria, some banks do not entertain surveys. Thus, a pilot study was conducted to identify banks that wish to participate in the study; only four banks - Access Bank, Guaranty Trust Bank, Polaris Bank and Stanbic IBTC – granted consent and eventually used as case studies. The application of Yamane's (1976) formula yielded 229 staff (42.8% of the participating population) as the sample size for the study in the following proportion: Access Bank (77 staff), Guarantee Trust Bank (86 staff), Polaris Bank (49 staff), and Stanbic IBTC (17 staff). Consequently, simple random sampling technique was used to select the banks' staff from a prepared sampling frame (names of the banks' staff) using random number table. The research variables were measured using 7-Point Likert's scales (Strongly Disagree, Slightly

Disagree, Disagree, Neither-Agree-Nor-Disagree, Agree, Slightly Agree, and Strongly Agree) adapted from the works of Allen and Mayer.

The study used relative frequency, mean and standard deviation to summarize the research data for further statistical processing. Also, normality test was processed to identify and resolve multicollinearity problems (if any). Afterwards, multiple regression was employed to test the research hypotheses with the aid of STATA at 95 percent confidence interval.

FINDINGS AND DISCUSSIONS

Out of 229 copies of questionnaire administered, only 173 (76%) copies were returned and considered for analysis.

Table 1: Descriptive Statistics

Stats	AC	CC	NC	ETI
Mean	4.56	4.54	4.69	4.82
p50	5	5	5	5
Sd	1.37	1.42	1.48	1.36
Min	1	1	1	1
Max	7	7	7	7
N	173	173	173	173

Source: Researcher's Computation, 2020

Table 1 shows that Affective Commitment (AC) has mean value of 4.56, median of 5, standard deviation of 1.37, minimum of 1 and maximum of 7. These values indicate that the average response for affective commitment is 'slightly agreed' and there is no indication of the presence of outliers. Also, Continuance Commitment (CC) has mean value of 4.54, median (5), standard deviation (1.43), minimum (1) and maximum (7), which are indications of average response (e.g. 'slightly agreed') with no presence of outliers. As regards Normative Commitment (NC), the average response is 'slightly agreed' with no presence of outliers (e.g. mean = 4.69, median = 5, std. dev = 1.48, min = 1, and max= 7). Finally, the descriptive statistics for employee turnover intention (ETI) are mean (4.82), median (5), standard deviation (1.36), minimum (1) and maximum (7) which indicates that the average response (e.g. 'slightly agreed') with no presence of outliers. The total count is 173.

Table 2: Correlation Matrix

	AC	CC	NC	ETI
AC	1			
CC	0.5046	1		
NC	0.3414	0.3892	1	
ETI	0.428	0.5398	0.6936	1

Source: Researchers Computation, 2020

Table 2 shows that all the independent variables (AC, CC and NC) exhibit positive and weak correlation with fellow independent variables with coefficient values all less than 0.5, suggesting absence of multicollinearity problems with the research data. However, NC shows a strong correlation with ETI with coefficient of 0.6936 while CC shows average correlation strength of 0.5398 with ETI.

Table 3: Regression Results

Source	SS	df	MS	Number of obs = 173		
-----+-----				F(3, 169) = 75.99		
Model	182.298334	3	60.7661112	Prob> F = 0.0000		
Residual	135.146753	169	.799684929	R-squared = 0.5743		
-----+-----				Adj R-squared = 0.5667		
Total	317.445087	172	1.84561097	Root MSE = .89425		

eti	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+-----						
ac	.1000941	.0584715	1.71	0.089	-.0153345	.2155228
cc	.2610059	.0575384	4.54	0.000	.1474193	.3745926
nc	.5058305	.0507319	9.97	0.000	.4056807	.6059803
_cons	.8057904	.2905494	2.77	0.006	.2322168	1.379364

Source: Researchers Computation, 2020 (Output from STATA 13)

Table 3 shows that the regression model is fit to be used for the study as the F-stats is 75.99 with a p-value of 0.0000 that is less than alpha value of 0.05, which also suggests that employee commitment exerts significant effect on turnover intentions. The table further reveals the summary of the fitted model of R-square which is used to determine the percentage of variability in the dependent variable (employee turnover intention) that can be accounted for by a change in the independent variable (Forms of Employee Commitment). The R-squared value is 0.5743 (57.43%), which implies that the variability changes in employee turnover intention of the banks can be accounted for by the independent

variables tested at approximately 57.43%.

Since the regression coefficient for affective commitment (AC) is 0.100 with a p-value of 0.089 which is greater than alpha value (0.05), affective commitment has no significant effect on employee turnover intention in the New Generation Banks.

In addition, the regression coefficient for continuance commitment (CC) is 0.261 with a p-value is 0.000 which is less than alpha value (0.05). Therefore, continuance commitment exerts significant effect on turnover intention in the New Generation Banks.

Moreover, the regression coefficient for normative commitment (NC) is 0.505 with a p-value of 0.000 which is less than alpha value (0.05). Therefore, normative commitment exercises significant effect on turnover intention of employee in the New Generation Banks.

DISCUSSION OF FINDINGS

One of the findings of the study is that affective commitment does not have significant effect on the turnover intentions of the bankers in New Generation commercial banks in Ilorin, Nigeria, which is a confirmation of earlier finding by Ertosun and Erdil (2012). In fact, even when the human resource policy implementations in the New Generation Banks made their employees to be averagely affectionately committed to the banks (mean=4.56), the turnover intention does not decline significantly. Thus, factors influencing affective commitment (corporate culture, shared values, employee engagement, employee involvement, leadership style, age and educational qualification, etc.) should not be prioritize when developing human resource policies that will enhance organizational commitment and reduce employee turnover rate in the New Generation Banks.

Another finding of the study is that continuance commitment exerts significant effect on turnover intention in the New Generation Banks in Ilorin, which is consistent with earlier findings by Faloye (2014). Hence, the need by the banks' Human Resource managers to keep improving on factors that stimulate continuance commitment such as upward review of salaries, allowances, bonuses, pension plans, better employment conditions, regular promotions, and fringe benefits that give the bankers a sense of "stay and benefit more" or "leave and lose more". Such policies can reverse the trend of high turnover rate in commercial banks in Nigeria as reported by Akinruwa et'al. (2014).

Consistent with the findings of Yasmin and Marzuki (2015), this study established significant effect of normative commitment on turnover intentions in the New Generation Banks in

Ilorin Metropolis. The implication being that, the banks' investment on the triggers of employee commitment such as training and development, health insurance and children's education need to be evolved and/or sustained to keep harvesting the resultant benefits of low employee turnover rate.

CONCLUSION AND RECOMMENDATION

Theoretically, high level of employee commitment to an organization lowers turnover intention. However, Human Resource Management practices in most Nigerian commercial banks may not conform to the referenced theory, which may hinder effective attainment of desired corporate goals. Consequently, this study examined the effect of different forms of employee commitment (affective, continuance and normative) on employee turnover intention. In accordance with the organization commitment versus turnover intention theory, the study found that both continuance and normative commitment are significant predictors of the sampled employees' intention to leave or stay in New Generation Banks. The study, therefore, concludes that low level of continuance and normative commitment among staff of NEW Generation Banks in Ilorin increases their intention to voluntarily quit the banks and pick new employment in other private and public organizations. In discordance with the organization commitment versus turnover intention theory, the study found that affective commitment is an insignificant predictor of the sampled employees' intention to leave or stay in New Generation Banks. Therefore, the study concludes that the 'staying or quitting intention' of the employees of New Generation Banks in Ilorin cannot be altered simply by increasing or decreasing affective commitment levels amongst the bankers. Overall, employee commitment is a significant predictor of turnover intention in the New Generation Banks in Ilorin.

Arising from the findings and conclusions of the study, the following recommendations ensue:

- i. the banks' management should improve on staff welfare that boosts employees' continuance commitment level so as to minimize their intention to leave; and
- ii. it recommends that the bank management should prioritize staff development to boost employees' commitment to the banks thereby reducing their intention to quit.

LIMITATIONS AND FURTHER RESEARCH

The scope and population of the study is limited to employees of New Generation commercial banks located in Ilorin which make its findings non-applicable to similar banks outside the institutional and geographical scope of the study. Thus, future research on the nexus between organizational commitment and employee turnover intentions in Old

Generation Banks, and New Generation Banks in other states, geopolitical zones or entire Nigeria are encouraged.

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