

## **The Effects of Self Efficacy on Organizational Commitment: A Survey on Junior Executives Working in the Private Sector of Bangladesh**

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### **ABSTRACT**

This study was conducted to measure the level of self efficacy and its impact on organizational commitment. Data was collected using the “General Self-Efficacy Scale (GSE)” developed by Jerusalem & Schwarzer (1979) and the “Organizational Commitment Scale” developed by Allen and Meyer (1997). A total of 284 junior executives working in the private sector of Bangladesh took part in the survey during August-September 2015. Measures of central tendency, dispersion and association have been used as part of descriptive statistics while multiple linear regression analysis has been used to identify significant predictors of organizational commitment. According to the study, the respondents perceived level of self-efficacy is moderate (mean=2.72 on the scale of 5) following slightly above average levels of organizational commitment (mean=4.09 on the scale of 7). The study also reveals that self-efficacy has a positive effect on affective commitment as well as normative commitment. However, it is found that self-efficacy had no effect on continuance commitment.

Keywords: Self-efficacy, Organizational Commitment, Affective Commitment, Normative Commitment, Continuance Commitment.

### **INTRODUCTION**

Private sector has been playing a significant role in the economic development of Bangladesh. The sector’s contribution to growth became more prominent in the 1990s, with steady growth in the production and export of ready-made garments (RMG), textiles, knitwear, and frozen foods such as shrimp. The sector is driving innovation and growth in many other sectors which have traditionally been dominated by government institutions: Education, Power Generation, Airlines, Healthcare, Television, Infrastructure, etc. According to Bangladesh Bureau of Statistics (BBS), the total investment of GDP in FY2014-15 was 28.97 percent out of which 22.07 percent came from the private sector. However, even though the sector is growing rapidly, it is still facing a number of significant challenges in order to ensure high organizational

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commitment and hence higher productivity. Low self-efficacy, which may lead to low organizational commitment, is one of the challenges many managers face in this regards.

After doing rigorous literature review, it is found that there are many studies in different countries which investigated the relationship between self-efficacy and organizational commitment (affective commitment, normative commitment and continuance commitment). As the private sector has been the main engine of economic growth and employment generation in Bangladesh, the researcher inclined to conduct the research in order to assess self-efficacy as well as organizational commitment of junior executives in this sector.

## **LITERATURE REVIEW**

### **Self Efficacy**

Perceived self-efficacy is defined as people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives (Bandura, 1994). The construct of self-efficacy represents one core aspect of Bandura's social-cognitive theory (Bandura, 1994). Bandura (1994) postulates that these expectations determine whether or not a certain behaviour or performance will be attempted, the amount of effort the individual will contribute to the behaviour, and how long the behaviour will be sustained when obstacles are encountered. Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Such beliefs produce these diverse effects through four major processes, namely cognitive, motivational, affective and selection processes.

A strong sense of efficacy enhances human accomplishment and personal well-being in many ways. People with high assurance in their capabilities approach difficult tasks as challenges to be mastered rather than as threats to be avoided. Such an efficacious outlook fosters intrinsic interest and deep engrossment in activities. They set themselves challenging goals and maintain strong commitment to them. They heighten and sustain their efforts in the face of failure. They quickly recover their sense of efficacy after failures or setbacks. They attribute failure to insufficient effort or deficient knowledge and skills which are acquirable. They approach threatening situations with assurance that they can exercise control over them. Such an efficacious outlook produces personal accomplishments, reduces stress and lowers vulnerability to depression.

In contrast, people who doubt their capabilities shy away from difficult tasks which they view as personal threats. They have low aspirations and weak commitment to the goals

they choose to pursue. When faced with difficult tasks, they dwell on their personal deficiencies, on the obstacles they will encounter, and all kinds of adverse outcomes rather than concentrate on how to perform successfully. They slacken their efforts and give up quickly in the face of difficulties. They are slow to recover their sense of efficacy following failure or setbacks. Because they view insufficient performance as deficient aptitude it does not require much failure for them to lose faith in their capabilities. They fall easy victim to stress and depression.

There are four major sources that contribute to the development of self-efficacy beliefs (Bandura, 1977).

- **Performance accomplishments:** The experience of mastery influences your perspective on your abilities. Successful experiences lead to greater feelings of self-efficacy. However, failing to deal with a task or challenge can also undermine and weaken self-efficacy
- **Vicarious experience:** Observing someone else perform a task or handle a situation can help you to perform the same task by imitation, and if you succeed in performing a task, you are likely to think that you will succeed as well, if the task is not too difficult. Observing people who are similar to yourself succeed will increase your beliefs that you can master a similar activity
- **Verbal persuasion:** When other people encourage and convince you to perform a task, you tend to believe that you are more capable of performing the task. *Constructive* feedback is important in maintaining a sense of efficacy as it may help overcome self-doubt
- **Physiological states:** Moods, emotions, physical reactions, and stress levels may influence how you feel about your personal abilities. If you are extremely nervous, you may begin to doubt and develop a weak sense of self-efficacy. If you are confident and feel no anxiety or nervousness at all, you may experience a sense of excitement that fosters a great sense of self-efficacy. It is the way people interpret and evaluate emotional states that is important for how they develop self-efficacy beliefs. For this reason, being able to diminish or control anxiety may have positive impact on self-efficacy beliefs.

Many studies have reported significant correlations between self-efficacy and subsequent task performance (Bandura, 1982; Bandura & Adams, 1977; Bandura, Adams & Beyer, 1977; Chambliss & Murray, 1979; Feltz, 1982; Locke, Frederick, Lee & Bobko, 1984). Efficacy perceptions still predict subsequent performance, even in studies where efficacy perceptions have been altered. Bandura (1977a) notes that although active mastery yields the greatest increase in self-efficacy, correlations between self-efficacy and performance remain high for non-enactive modes such as modeling.

Several studies have found self-efficacy to be a better predictor of subsequent performances than past behaviour (Bandura, 1977a; Bandura, 1982; Bandura & Adams, 1977; Bandura et al., 1977; Bandura et al., 1980; Chambliss & Murray, 1979). However, other studies contradicted this, for example Gist (1987). Studies conducted by Feltz (1982) provided some evidence that as experience with a task increases, past performance becomes more predictive than self-efficacy. It needs to be noted that Feltz's study involved a task in which subjects were unable to observe their performance and no feedback was provided (Gist, 1987). Under these circumstances self-efficacy may have lacked veridicality. Locke et al. (1984) found that when past performance was controlled, self-efficacy was a significant predictor of subsequent performance. The correlation between self-efficacy and past performance was however higher, than the correlation between self-efficacy and future performance.

### **Organizational Commitment**

In organizational behavior and industrial and organizational psychology, organizational commitment is the individual's psychological attachment to the organization. The basis behind many of these studies was to find ways to improve how workers feel about their jobs so that these workers would become more committed to their organizations. Organizational commitment predicts work variables such as turnover, organizational citizenship behavior, and job performance. Some of the factors such as role stress, empowerment, job insecurity and employability, and distribution of leadership have been shown to be connected to a worker's sense of organizational commitment.

Organizational commitment can be contrasted with other work-related attitudes, such as self-efficacy, defined as an employee's feelings about their job, and organizational identification, defined as the degree to which an employee experiences a 'sense of oneness' with their organization. As with other topics in organizational behavior, a wide variety of definitions and measures of organizational commitment exist. Mowday et. al. (19979) underlined a concept named as attitudinal commitment. As an attitude, organizational commitment is most often defined as (1) a strong desire to remain a member of a particular organization; (2) a willingness to exert high levels of effort on behalf of the organization; and (3) a definite belief in, and acceptance of, the values and goals of the organization.

Another approach was that of Meyer and Allen (1991). This is one of the most widely recognized approaches in organizational commitment literature. They developed a three-component model of organizational commitment. Because of multidimensional nature of organizational commitment, there is growing support for a three-component model. The three dimensions are as follows:

### **Affective commitment**

Affective commitment involves the employee's emotional attachment to, identification with, and involvement in the organization. Employees who are affectively committed to the organisation will probably carry on working for it because they want to (Meyer & Allen 1991). Individuals who are dedicated at an emotional level usually remain with the organisation because they see their individual employment relationship as being in harmony with the goals and values of the organisation for which they are currently working. Affective commitment development involves identification with the organisation and internalization of organizational principles and standards (Beck & Wilson 2000).

### **Continuance commitment**

Continuance commitment involves commitment based on the costs that the employee associates with leaving the organization. Because of the individual's awareness or consideration of expenses and threats linked to leaving the organisation, continuance commitment is considered to be calculative (Meyer & Allen 1997). Individuals with continuance commitment remain with a specific organisation because of the money they as employees earn as a result of the time spent in the organisation, and not because they want to. This differs from affective commitment, where individuals remain with an organisation because they want to and because they are familiar with the organisation and its principles.

### **Normative commitment**

Normative commitment involves the employee's feelings of obligation to stay with the organization. The internalized idea of responsibility and commitment allows employees continued membership that is appreciated by a specific organization (Allen & Meyer 1990). The normative element is seen as the commitment individuals consider morally appropriate regarding their remaining with a specific organization, irrespective of how much status improvement or fulfillment the organization provides the individual over the years (March & Mannari 1977).

Commitment is usually stronger among longer-term employees, those who have experienced personal success in the organization, and those working within a committed employee group. Organizationally committed employees will usually have good attendance records, demonstrate a willing adherence to organizational policies, and have lower turnover rates. In addition, employees who are committed to their organisation may be more willing to participate in 'extra-role' activities, such as being creative or innovative, which frequently guarantee an organisation's competitiveness in the market (Katz & Kahn 1978).

## **OBJECTIVES OF THE STUDY**

The major objective of this study is to gain better understanding of the effects of self-efficacy on organizational commitment, especially among the junior executives working in the private sector of Bangladesh.

In order to achieve the major objective, the following specific objectives were formulated:

1. To measure the level of self-efficacy as well as organizational commitment among junior executives working in the private sector;
2. To explore the relationship between self-efficacy and organizational commitment; and
3. To find out the impact of the factors of self-efficacy on the three components of organizational commitment.

## **METHODOLOGY**

In light of the objectives of the study, the following null hypothesis has been proposed:

H<sub>0</sub>: Higher level of self-efficacy leads to higher level of organizational commitment.

The research approach followed in this study is empirical and quantitative, where a cross-sectional field survey generated the primary research data for this study. The survey was conducted during August - September 2015 using two sets of structured questionnaires. The questionnaires were personally administered to a conveniently selected 396 junior executives' working for different private companies in Dhaka, Narayanganj and Gazipur cities. All of them took part in the Post-Graduate Diploma in Human Resource Management course offered by Bangladesh Institute of Management, Dhaka. Among them, a total of 284 complete responses (72 percent) were received, of which, 216 were male and the others were female. Respondents' mean age is 29.26 years and mean length of service is 3.24 years. Measures of central tendency, dispersion and association (i.e., mean, standard deviation and correlation) have been used as part of descriptive statistics while multiple linear regression analysis has been used to identify significant predictors of organizational commitment. Statistical software- the Statistical Package for Social Sciences (SPSS)- has been used to analyze the data.

### **Measurement Instrument**

The instruments used for this study are the "General Self-Efficacy Scale (GSE)" developed by Jerusalem & Schwarzer (1979) and the "Organizational Commitment Scale" developed by Allen and Meyer (1997).

### **General Self-Efficacy Scale (GSE)**

The GSE was originally developed in German and later translated into 26 languages by various co-authors. The scale consists of 10 items reflecting perceived optimistic self-belief of respondents. Responses were made on a 5-point Likert-type scale ranging from 1= "Not at all true" to 5= "Exactly true". The total score is calculated by finding the sum of the all items.

### **Organizational commitment Scale (OCS)**

The organizational commitment was measured using the three-component model. Each of the components of organizational commitment (affective, normative and continuance) was comprised of five items and the total organizational commitment was computed using 15 items. Responses were made on a 7-point Likert-type scale ranging from 1= "Strongly disagree" to 7= "Strongly agree".

## **DATA ANALYSIS AND FINDINGS**

### **Level of Self-Efficacy**

The level of self-efficacy of the respondents was explored by examining the mean and standard deviation. The results are presented below in Table 1.

**Table 1: Respondents' Level of Self-efficacy**

| Variable      | Perceived Self-Efficacy |                |
|---------------|-------------------------|----------------|
|               | Mean*                   | Std. Deviation |
| Self-Efficacy | 2.7210                  | .38843         |

The above table shows that the respondents' perceived level of self-efficacy is moderate (mean=2.72 on a 5-point scale).

### **Level of Organizational Commitment**

The level of organizational commitment of the respondents was also explored by examining the mean and standard deviation of total and of different components of organizational commitment. The results are presented below in Table 2.

**Table 2: Respondents' Level of Organizational Commitment**

| Components of Organizational Commitment | Perceived Organizational Commitment |                |
|---|-------------------------------------|----------------|
|   | Mean*                               | Std. Deviation |
| Affective Commitment                    | 3.9648                              | .76507         |
| Normative Commitment                    | 4.1937                              | .56502         |
| Continuance Commitment                  | 4.1150                              | .15753         |
| Total Organizational Commitment         | 4.0926                              | .41816         |

\* The mean is calculated as follows:

- Firstly, respondent-wise mean score of organizational commitment for each component was calculated by dividing the total score of each respondent by the number of items in each component (items=5). Then the mean scores of each respondent were summed and divided by the number of respondents (n=284) to obtain mean score of organizational commitment for each component.
- In order to obtain the mean score of total organizational commitment, the mean scores of organizational commitment for each component were summed and divided by the number of components (components=3).

The above table shows that the total organizational commitment is 4.09 on the scale of 7. This shows slightly above average levels of organizational commitment. However, varying degrees of organizational commitment were expressed with different components. The highest mean score of commitment was expressed with “continuance” component (mean=4.11), while the lowest level of commitment were marked with “affective” component (mean=3.96).

### Relationship between Self Efficacy and Organizational Commitment

In order to test the hypothesis relating to the relationship between Self Efficacy and the components of organizational commitment, the Pearson’s correlation was used. The correlation coefficients are given below in Table 3.

**Table 3: Correlation between Self-efficacy and Organizational Commitment**

| Components of Organizational Commitment | Correlations with Self-Efficacy |
|---|---------------------------------|
| Affective Commitment                    | 0.541**                         |
| Normative Commitment                    | 0.521**                         |
| Continuance Commitment                  | 0.093                           |
| Total Commitment                        | 0.577**                         |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above table shows that self-efficacy is significantly correlated with affective commitment as well as normative commitment. However, no significant relationship has been found between self-efficacy and continuance commitment.

The absence of a significant relationship between self-efficacy and continuance commitment suggests that the respondents’ decision to stay with their respective companies due to their feelings of attachment (affective commitment) and obligation (normative commitment) may be a consequence of their satisfaction with extrinsic and intrinsic motivational factors (pay, supervision, fringe benefits, contingent rewards, operating conditions, nature of work and communication), rather than the costs associated with leaving the company (Meyer & Allen 1997).



Therefore, we can conclude that the hypotheses that self-efficacy is positively correlated with (i) affective commitment and (ii) normative commitment have been supported by the study. However, the study does not support the hypothesis that there is a positive correlation between self-efficacy and continuance commitment.

**Impact of Self-Efficacy on Organizational commitment**

In order to determine the impact of self-efficacy on overall organizational commitment, multiple linear regression analysis was carried out using SPSS. The results of regression analysis are given below:

**Table 4.1: Model Summary**

| R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------------------|----------|-------------------|----------------------------|
| .577 <sup>b</sup> | .332     | .330              | 1.02571                    |

- a. Dependent Variable: Organizational Commitment
- b. Predictors: (Constant), Self-Efficacy.

As can be seen from Table 4.1, the value of Adjusted R Square ( $R^2$ ) is 0.332. Therefore, it can be concluded that 33.2% of the variation in the total commitment is explained by self-efficacy, while the rest 66.8 % is influenced by other factors that have not been examined.

**Table 4.2: ANOVA**

|            | Sum of Squares | df  | Mean Square | F       | Sig.              |
|------------|----------------|-----|-------------|---------|-------------------|
| Regression | 147.711        | 1   | 147.711     | 140.398 | .000 <sup>a</sup> |
| Residual   | 296.688        | 282 | 1.052       |         |                   |
| Total      | 444.399        | 283 |             |         |                   |

- a. Dependent Variable: Organizational Commitment
- b. Predictors: (Constant), Promotion

Table 4.2 presents the ANOVA results and provides the overall acceptability of the regression models. As can be seen from the above table, the P-value for the F-test for the model is 0.000 which is less than any reasonable level of significance (e.g. 0.05 or 0.01), so there is sufficient evidence that both the models are fit. This means at least one of the independent variables is significant in each model.

**Table 4.3: Coefficients**

| Variables     | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|---------------|-----------------------------|------------|---------------------------|--------|------|
|               | B                           | Std. Error | Beta                      |        |      |
| (Constant)    | 7.213                       | .431       |                           | 16.718 | .000 |
| Self-Efficacy | 1.860                       | .157       | .577                      | 11.849 | .000 |

- a. Dependent Variable: Organizational Commitment

The above table shows the coefficients of the regression line (B values under unstandardized coefficients column) for the regression model. We can therefore

conclude that a one- unit increase in self-efficacy will lead to a 1.86 unit increase in organizational commitment.

In the light of the foregoing result, we can conclude that higher level of self-efficacy leads to higher level of total commitment.

## **MANAGERIAL IMPLICATIONS AND CONCLUSION**

The findings of the study strengthen the fact that there is a very strong and positive correlation between self-efficacy and organizational commitment. The survey also reveals that the effect on organizational commitment is significantly caused by self-efficacy. However, unfortunately, the junior executives working in the private sector of Bangladesh perceived a moderate level of self-efficacy showing an average-level commitment towards their organizations. These findings may be a cause of concern for the management in the private sector of Bangladesh. Therefore, innovative and adaptable managerial interventions need to be taken to improve employees' self-efficacy and to make stronger their organizational commitment.

In managerial implication, this study has provided useful information to the management of the private sector. With this information, the managements will be able to know how to increase the organizational commitment of employees. To achieve this, urgent and concrete strategies must be developed focusing on the identified factors related to self-efficacy. At the outset, the organizations could recruit and select individuals who display a high level of self-efficacy as potential employees. Moreover, the organization can use employees' profiles on the Employee Commitment Matrix to discuss the breadth and levels of self-efficacy as to gain a broader perspective of available options for improvement. It is also required to contribute to the development of its employees' employee commitment by providing training on the self-efficacy dimensions that exhibit a significant correlation with employee commitment.

As a final point, the present study makes useful additions to the current knowledge base by examining the effects of self-efficacy on organizational commitment. However there are some limitations to this study. It was due to time constraints and limited company data available. However, to get a more perfect result, longitudinal or time-series study may be used by accessing the self-efficacy and organizational commitment in different times. One other limitation of this study is that it covered only three cities in Bangladesh with 284 junior executives. Thus, future studies should use a less restricted sample to extend the applicability of the findings of this study.

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