

## **ORGANIZATIONAL EQUITY AND EMPLOYEES COMMITMENT IN THE COMMERCIAL BANKS OF RIVERS STATE**

---

**NWIZIA, TORDUMBARI JULIUS**  
Department of Management  
Ignatius Ajuru University of Education  
Port-Harcourt, Nigeria  
Email: zia2015.tj@gmail.com

**OKACHI-OKEREKE C. GLORIA**  
Department of Business, Administration and Management  
Captian Elechi Amadi Polytechnic  
Port-Harcourt, Nigeria

---

**ABSTRACT:** *This study aimed at investigating the relationship between organizational equity and employees commitment (affective and continuance commitment) in the commercial banks of Rivers State. The total number of population drawn from the 9 selected banks is 230. The sample size of 144 was determined using the Krejcie and Morgan (1970) sample size determination table. Findings revealed that organizational equity and affective commitment correlate at .355. This indicates a moderate and significant relationship between organizational equity and affective commitment correlation. Again, organizational equity correlates with continuance commitment at .622. This means positive and significant relationship between organizational equity and continuance commitment. It was concluded that there is a significant relationship between organizational equity and employees' commitment in the commercial banks of Rivers State. The study further recommends that management should abolish biased treatment in order promotes workers affective commitment and retain competent staff.*

**Key Words:** Equity, Affective Commitment, Continuance Commitment, Employee Commitment.

---

### **INTRODUCTION**

Employee commitment is one of the essential activities that fuel organizational success. This is because individuals with higher level of commitment are satisfied, useful, productive and efficient. Employees' commitment is the degree to which workers willingly put more efforts and identify with their employer in order to contribute immensely to goals attainment. Employees' commitment vividly reflects the employee willingness to stay in the organization.

High level of commitment is determined by degree to which the organization treats workers fairly and equally. Hosanna (cited Adam, 2002.) that the degree of equity employee perceived has been seen as influence on employee commitment. Employee's perception of inequitable or equitable treatment in the organization motivates workers to put more or less effort.

Susanna (2006) organizational equity is the extent to which workers perceive workplace procedures, process, outcomes and interaction to be fair nature. Greenberg (cited in Susanna, 2006) that organizational equity involves equitable decision making process that enhances employee's satisfaction and generic performance. Worker has the perception of unfairness when they compare his/her inputs and outcomes ratio with others within and outside the organization.

Organizational equity and employee commitment are very serious issues in the banking sector today; this is because unequal treatment of workers gives a negative output. Organizational equity is the fair and equitable management of workforce. Fair workforce management is another vital tool for promoting employee commitment to work and retention. The lower workers perceive the difference between their own outcome/input ratio and the same ratio for others, the higher their perception of fairness and equity will be.

Dubinsky and Levy (1989) identified dimension of organizational equity such as pay administration, pay rules, pay levels, rule administration, workplace, distributing task and latitude. The distributive and procedural channel contains the forms of organizational equity.

Mustafa (cited Meyer and Allen, 2010) identified the drives for commitment as normative commitment, affective commitment, and continuance commitment. Employee commitment can only occur when workers have affective desire to in the organization, when workers have the desire to continue working because fear for losing job opportunity and when the workers do not leave their job because of a normal obligation attached to the job.

It is seen that many studies have been done on organizational equity and employee commitment but has not been given more empirical attention in the commercial banks in Rivers State, on that note; this research will examine the relationship between the both variables in the banking sector.

### **Statement of the Problems**

In the banking sector, motivating workers to have the desire to stay with the organization and to be efficient and effective collaborators for the actualization of organizational generic goals has been a difficult task. Employee perception on the level of equitable distribution of benefits and decision making procedure vividly influence their level of commitment. Mustafa (2010) supported that employee perception play a vital role in the way workers perform their daily task.

The commercial banks faced the problem of low employee commitments as a result of unequal distribution of benefits, no employee effective collaboration for the attainment of unified goals, no continuance commitment among workers because of the nature of employment condition where majority of bank workers are not permanent staff.

Khalifa and Truong (2010) noted that employees will be totally committed to the organization if they perceive their inputs ratio to their output ratio to be equal to others and their hope for job security.

### **Objectives of the Study**

The generic objective of this study is to investigate the relationship between organizational equity and employee commitment in the commercial banks while the specific objectives are;

1. To examine the relationship between organizational equity and effective commitment in the commercial banks of Rivers State.
2. To examine the relationship between organizational equity and continuance commitment in the commercial banks of Rivers State.

### **Hypotheses**

**Ho<sub>1</sub>:** There is no significant relationship between organizational equity and effective commitment in the commercial banks of Rivers State.

**Ho<sub>2</sub>:** There is no significant relationship between organizational equity and continuance commitment in the commercial banks of Rivers

### **LITERATURE REVIEW**

#### **The concept of Organizations Equity**

Equity is based on the employee perception of the way work outcomes are frequently used to measure and distribute rewards. A worker will seek to maintain fairness between perceived inputs that contribute to a work and outcome received.

Boris (1991) pointed out that the concept of equity is rooted in the idea of organizational justice and equity also moderates employee perceptions of fairness. Perception of equity comparatively could lead to anger (when people feel or under-benefited), workplace conflict, poor performance and low organizational equity is the fairness in distribution of organizational resources to workers.

Sania and Siraj (2013) opined that organizational equity is the fair and equal management of workforce in terms of rewards distribution process and administration process such as promotion. Mitchell (2004) also supported the above view that organization equity involves fairness, neutrality and equal management of workforce and other management processes.

Equitable management process is a process that supports unbiased employees promotion opportunities and rewards system. Organizational equity is the process of implementing policies that promotes impartiality and neutrality in all activities.

To achieve total equity in the organization, workers must be guided by rules and regulations and orientations that build integrity in their daily tasks. According to Burrues and Mattern (2010), organizational equity is the process of setting moral principles, guidelines against unequal practices and inequity in the workplace. When organizations practice equity in all activities and train workers to follow suit, it will increase workers commitment.

Organizational equity can be conceptualized as; distributive equity (equal allocation of rewards), administrative equity (fairness in formulation and implementation of policies) and promotion opportunities equity (fairness in promotion process).

Khalifa and Truong (2010) identified dimensions of equity in the organization as pay equity, procedural and distributive justice, job security and complexity, pay administration equity, pay level equity and promotion opportunities equity. In line with the above, Roberson (2003) affirmed that organizational equity consists of interactional justice and procedural justice which promote employee satisfaction and commitment to tasks.

## **The Concept of Employee Commitment**

Employee commitment referred to the stabilizing force that enables workers to be attached to the organization under any working condition. A committed worker is the one who is willing to stay with the organization in any situation.

Meyer and Allen (1997) defined employee commitment as the extent to which employees relates with organization and their desires to remain in the organization.

Mustafa (2010) also noted that employee commitment is the degree to which workers collaborate and identify with the organization in order to achieve desired goals. In the same vein, Hassan (2002) stated that employee commitment contains workers' belief in and accept the value, culture and willingness to work towards organizational goals, and their strong desire to stay as a member of the organization.

Employee commitment is a vital force that fuel organizational productivity and general performance. Commitment is a force that bands employees to an essential course of action in order to achieve organizational goals.

Admas cited in Hassan (2002) the level of fair and equal treatment relative to others that worker received influence employee commitment level. Iverson and Roy (1994) also supported that equity perception leads to higher attitudinal commitment and reduce intention to leave the organization.

Meyer and Allen (1997) identifies three forms of employee commitment such as normative commitment, continuance commitment and affective. Normative commitment is the situation in which workers remain in the organization as a result of moral obligation of the job. The normative commitment increases as employers perception of their moral obligations (the act of binding oneself to an organization) to stay with a particular organization, no matter the benefits involved. Varsha and Monika (2012) noted that normative commitment can improve through past experience (family that stress work loyalty) and the beliefs that the organization can offer more rewards.

Affective Commitment is the extent to which worker is emotionally attach to which an organization through loyalty, pleasure and belongingness. An employee who is committed believes in the objectives and value of the organization and intends to remain with the organization. McElroy (2001) supported that affective commitment involves identifying the organizational worth and obey its rules and regulations. Workers who have high affective commitment are those who work tirelessly to achieve goals.

Continuance commitment is the degree to which a worker maintains a relationship to stay in the organization because of lack of similar job opportunity. Somers (1995) noted that continuance commitment has two forms such as high sacrifice commitment (individual sacrifice) and low alternative commitment (limited opportunities for the job).Lack of job opportunity increase the willingness to stay with a particular organization in any work condition. In the same vein, Mustafa (2010) noted that continuance commitment is a situation in which workers continue to remain in the organization with the fear of lack of similar job opportunities outside the organization.

## **Theoretical Framework**

### **Expectancy Theory**

The expectancy Theory was developed in 1964 by Victor Vroom was used as a theory underpinning this study. Expectancy theory state that workers are committed to work based on their expectations from the work and organization. This theory centred on the conviction that worker effort will result in high commitment and performance which will lead to achievement of rewards. Expectancy states that employees are motivated based on their perceptions about efforts, performance and rewards received for performing a job (Sabiya, 2015).

Mohammed (2015) supported that worker performs based on expected resort and depending on the outcome of such performance; the level of commitment determines. This means workers are committed and perform high based on their expectations.

### **The Side-Set Theory**

This theory was developed by Howard Becker in 1960. The theory explains employee commitment from point of view of the workers relationship with the organization. The theory states that the relationship between workers and employer are based on the contract of profitable exchange behaviour, workers are committed because they have concealed interest and investment in the organization.

The term side-bets mean the accumulation of investment valued by the employee. Becker (1960) noted that employees cost accrued over long period of time in an organization make them committed to the organization. Employee investment in the organization promotes overall employee commitment.

Meyer and Allen (1997) noted that side-bet theory mainly focus on close relationship between organization and employees ability to maintain membership in the organization despite the work conditions. Most employees remain in the organization because of their expectation personal gain and fear of limited job opportunities.

### **Organization Equity and Employee's Commitment (Empirical Review)**

All employees must be committed to an organization that treats workers equally. Perception of inequity at work influence employee behaviour and level of commitment to daily duties.

Turgut, Tokmak and Gucl (2012) supported that if workers value fair treatment by the organization and perceive that they are indeed treated fairly, they will be committed to the organization. When management offer a fair reward that match the outcomes (such as salary, incentives and work condition) with inputs (such as expertise and other skills), employee will be motivated to stay in the organization.

Balassiano and Denise (2012) found that fair treatment of employees positively influence the level of Continuance commitment. Richard, C., Elizabeth, C and Joubert, P (2013) also found a positively relationship between workers perception of equity and affective commitment.

Perceptions of equity influence the performance of employees and their commitment toward job (Khalifa and Truong, 2010). In the same vein, Deconinck and Bachmann (2017) noted that a strong relationship exist between perceive pay fairness and employee commitment. Rifai (2005) also supported that equity significantly relates to affective commitment in the organization. Shashi and Garima (2015) carried out a study on employee commitment in Indian banks and revealed that employee commitment positively affect workers efficiency and effectiveness as a result the existence of unbiased management of

workers. Seth and Mohammad (2004) also revealed a significant between organizational equity and employee outputs and commitment to work.

## METHODOLOGY

The study employed a survey method of research design. Twenty (20) commercial banks are currently operating within the Port Harcourt city and a total of nine (9) was selected base on years in existence. The total number of population drawn from the 9 selected banks is 230. The banks are Access Bank, Diamond Bank, FCMB PLC, First Bank of Nigeria PLC, Guarantee Trust Bank, Skye bank, UBA PLC, Union Bank PLC, and Zenith Bank PLC.

The sample size of 144 was determined using the Krejcie and Morgan (1970) sample size determination table. Primary and secondary data collection methods were used. The questionnaire was designed in a structured method. The response format was scaled in a five (5) points Likert scale which range from strongly Agree, Agree, Fairly Agree, Disagree, Strongly Disagree. The hypotheses were tested using the Spearman Rank Oder Correlation coefficient. The hypotheses were tested at 0.05 (5%) level of significance.

## RESULTS AND DISCUSSIONS

### Testing of Hypotheses

**H<sub>01</sub>:** There is no significant relationship between organizational equity and affective commitment in the commercial banks of Rivers State.

**Table 1: Correlation Analysis Showing the Relationship between Organizational Equity and Affective Commitment.**

Correlations				
			Organizational equity	Affective commitment
Spearman's rho	Organizational equity	Correlation Coefficient	1.000	.355**
		Sig. (2-tailed)	.	.000
		N	144	144
	Affective commitment	Correlation Coefficient	.355**	1.000
		Sig. (2-tailed)	.000	.
		N	144	144

\*\* . Correlation is significant at the 0.05 level (2-tailed).

**Source: SPSS Data Output (2019).**

Organizational equity and affective commitment correlated at .355 when the p-value is  $.000 < 0.05$ . This shows that there is a moderate relationship between organizational equity and affective commitment. For that reason, we reject the null hypothesis and concluded that there is a significant and moderate relationship between organizational equity and affective commitment in the commercial banks of Rivers State.

**H<sub>02</sub>:** There is no significant relationship between organizational equity and continuance commitment in the commercial banks of Rivers State.

**Table2: Correlation Analysis Showing The Relationship Between Organizational Equity And Continuance Commitment.**

Correlations				
			Organizational equity	Continuance commitment
Spearman's rho	Organizational equity	Correlation Coefficient	1.000	.622**
		Sig. (2-tailed)	.	.000
		N	144	144
	Continuance commitment	Correlation Coefficient	.622**	1.000
		Sig. (2-tailed)	.000	.
		N	144	144

\*\* . Correlation is significant at the 0.05 level (2-tailed).

**Source: SPSS Data Output (2019).**

Organizational equity and continuance commitment correlated at .622 when the p-value is .000 < 0.05. This indicated a strong relationship between organizational equity and continuance commitment. At this point, we reject the null hypothesis and concluded that there is a significant and strong relationship between organizational equity and continuance commitment in the commercial banks of Rivers State.

### **Discussion of Findings**

The findings from hypothesis one revealed that organizational equity and affective commitment correlate at .355, when the p-value is 0.000 < 0.05. This indicates a moderate correlation. Therefore, the null hypothesis was rejected and concluded that there is significant and a moderate relationship between organizational equity and affective commitment in the commercial banks of Rivers State.

This finding is supported by the work of Rifai (2005) who found that equity significantly relates to affective commitment in the organization. The level of fairness moderately relate to workers emotional connection to the organization through loyalty. Richard, C., Elizabeth, C and Joubert, P (2013) also found a positively relationship between workers perception of equity and affective commitment. Employees emotionally connected to their organization when fair treatment is given.

The findings of hypothesis two showed that organizational equity correlate with continuance commitment at .622 when P-value is 0.00 < 0.05. This means a strong relationship. Therefore, the null hypothesis was rejected and concluded that there is a positive and significant relationship between organizational equity and continuance commitment in the commercial banks of Rivers State. This finding is supported by the work of Balassiano and Denise (2012) who found that fair treatment of employees positively influence the level of Continuance commitment. That is to say, equitable treatment enables the employees to retain membership with organization as a result of fear of unfair management of workforce in other organizations and lack of job prospect outside.

## **CONCLUSION**

Employee commitment is very crucial in the banking sector because the task required more attention and dedication. Banks need Workers that have emotional attachment to their job and the work environment. Commercial banks also need to treat impartial so as to retain competent workers. Organizational equity vividly fuel retention of competent employees, committed employees and harmony among workers and various groups in the organization. In the same vein, Nwinyokpugi (2014) discovered that when organizational equity is practiced, inefficiency, partiality, ineffectiveness and disputes are trim down and employee's social relationship is formed between the work, the management and the workforce.

In a nut shell, Organization equity strongly relate to employee commitment in the commercial banks of Rivers State. Affective and continuance commitment in the bank can effortlessly achieve through effective implementation of policies and rules that support equitable workforce management.

## **RECOMMENDATIONS**

1. Management should abolish biased treatment in order promotes workers affective commitment and retain competent staff.
2. Management should ensure workers' rewards equate their inputs in order to achieve continuance commitment and reduce workers negative perceptions of equity.

## **REFERENCES**

- Balassiano, M. and Denise, S. (2012). Perceptions of equity and Justice and their implications on affective organizational commitment: a confirmatory study in a teaching and research institute. *Brazilian Administrative Review*, 9(3): 269-286.
- Becker, H.C (1960). Notes on the concept of commitment. *The American Journal of Sociology*, 66(1),34-40.
- Boris K. (1991). Equity, Equality, Power and Conflict. *Academy of Management Review*, 16 (2), 412 – 441.
- Burrus J. & Matern, K.D. (2010). Equity, Egoism and Egocentrism: the Formation of Distributive Justice Judgments. *Basic and Applied Social Psychology*, 32 (2), 155 – 164.
- Deconinck, J. and Bachmann, D. (2007). The impact of equity sensitivity and pay fairness on marketing managers, job satisfaction, organizational commitment and turnover intentions. *Marketing Management Journal*, 17(2),134-141.
- Hassan, A. (2002).Organizational Justice as a Determinant of organizational commitment and intention to leave. *Asian Academy of Management Journal*, 7(2), 55 – 66.
- Khalifa, E, and Truong, Q (2010). The relationship between employee perceptions of equity and job satisfaction in the Egyptian Private Universities. *Eurasian Journal of Business and Economics* ,3(5):135- 150.
- Nwingokpugi, P.N. (2014). Emotional ownership and workplace spirituality in Nigeria. *Journal of Business and Management*, 16 (1), 1 – 7.
- McElroy, I. C. (2001). Managing work place commitment by putting people first. *Human Resource Management Review*, 11, 327 – 335.
- Meyer, J. P. and Allen, N. J. (1997). *Commitment work place: Theory, Research and Application*. Thousand Oaks' C.A. Sage Publication.

- Mitchell, F. R. (2004). Organizational Culture, Social Equity and Diversity Teaching Public Administration Education in the Post Modern Era . *Journals of Public Affairs Education*, 2 (1), 143 – 154.
- Mohammed, I (2015). The impact of job satisfaction, job attitude and equity on employee performance. *The International Journal of Business and Management*, 3(5) ,288 – 293.
- Mustafa, Y. (2001). The effects of teachers' perception of organizational justice and culture on organizational commitment. *African Journal of Business Management*, 4(5), 695-701.
- Richard, C. , Elizabeth, C and Joubert,P (2013). Perception of equity and organizational commitment in the Zimbabwean Hospitality Industry: Implication for managers or employers. *South Journal of Labour Relations*,34(2), 1-16
- Ritai, H. A. (2015). A Test of the relationships among perceptions of justice, job satisfaction, affective and organizational citizenship Behaviour. *International Journal of Business*, 7(2), 131-154.
- Roberson S. (2003). Organization Justice in an Exchange Framework. *Journal of Management*, 2 (3), 299 – 322.
- Shashi, I. & Garima, H. (2015). Employee Productivity in Indian Banks. A Comparative analysis practice. *Business Review International*, 8 (5), 11 – 19.
- Susanna, B. (2006).Organizational justice. United Kingdom: Institute for Employment Studies.
- Sania, U. and Siraj, J. (2013). Impact of Distributive Justice, procedural Justice Interactive Justice, Temporal Justice, Spatial on Job Satisfaction of Banking Employees. *Review of Integrative Business and Economic Research*, 2 (1), 351 – 383.
- Seth, A. G. and Mohammad H. (2014). Relationship between organizational justice and organizational safety Climate: Do fairness perceptions influence Employee Safety Behavior? *International Journal of occupational safety and economics*, 20 (2), 199 – 211.
- Somers, M. E. (1995). Organizational commitment, turnover and absenteeism: An examination of work organizations. *Administrative Science Quarterly*, 19, 533-546.
- Turgut, H., Tokmak,I. and Gucl, C. (2012). The effect of employees' organizational justice perceptions on their organizational commitment: A University sample. *International Journal of Business and Management studies*, 4(2),1309-8047
- Varsha and Monika (2012). A study about employee commitment and its impact on sustained productivity in Indian Auto-Component Industry. *European Journal of Business and Social Science*, 1(6) ,34 – 51.