

Effect of Organizational Climate on Employees' Affective, Continuance and Normative Commitment in Oromia Bank Nekemte District

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ABSTRACT

Goal: This study aims to investigate effect of organizational climate on employees' organizational commitment in Oromia Bank Nekemte District.

Design/Methodology/Approach: A mixed research approach and explanatory research design were used to analyze the relationship between variables. With census method, 250 questionnaires were distributed. The study employed exploratory and confirmatory factor analyses using principal component analysis using structural equation modeling that fulfills measurement construct validity and reliability to investigate the effect of organizational climate by AMOS version 23 software.

Result: The findings supported that employees' perceived autonomy has a positive and direct effect on affective and normative commitment but it doesn't have an effect on continuance commitment. Besides, cohesion of teamwork has a negative and direct effect on affective and normative commitment and has no effect on continuance commitment. Moreover, the study has found that reward and recognition has a positive and direct effect on affective commitment but it doesn't have an effect on continuance and normative commitment. In addition, fairness has a positive and direct effect on continuance commitment but doesn't have an effect on affective and continuance commitment. Lastly but not the least, supervisors' support has a positive and direct effect on normative commitment but it has no effect on affective and continuance commitment.

Limitation: The planned model may not be generalized due to a one time data collection. Thus it ought to be applied in other organization. The study is also limited privately owned banking industry, .i.e. Oromia Bank. Hence, further studies can encompass any other privately owned and publicly owned banking industries in Ethiopia.

Practical Implications: Therefore, it is advisable to consider when enhancing the climate of the organization so as to make employees' motivated, committed, productive and well performer for the benefit of the company.

Originality/Value: The study adds value to the existing body of knowledge by addressing the relationship between organizational climate and employees' organizational commitment.

Keywords: Organizational Climate; organizational commitment; autonomy; teamwork; reward and recognition; supervisors' support

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1. Introduction

Organizations in the 21st century face unprecedented challenges affecting all structures and sizes (Henry, 2017). Understanding factors influencing employee commitment is crucial for organizational survival and profitability. The human relations approach emphasizes the importance of employee perceptions for organizational effectiveness and productivity (Syahrums, Brahmasari, & Nugroho, 2016). Comprehending employee behavior is paramount in achieving organizational goals, especially during change. Organizational climate, intrinsically linked to employee perceptions, has been extensively studied globally (Arabaci, 2010), making it difficult to define universally relevant dimensions across diverse work environments.

From a human relations approach, in order to make organizations much more effective and productive, perceptions of employees have become more important than ever before. And the growing significance placed on understanding of employees and their behavior was accepted as the most important component of organizations that determine the success or failure of an organization in achieving organizational goals and in investigating employees' perception of climate within the organization especially, at time significant change is taking place (Syahrum, Brahmasari, & Nugroho, 2016). As the concept is related to perceptions of employees, organizational climate has been attracting many researchers and researched in diverse situations in almost in all countries of the world including in Ethiopia in businesses, laboratories, schools and governments, making it difficult to determine which key dimensions are relevant to all of the above work environments (Holloway, 2012).

Koys and DeCotiis (1991) synthesized numerous organizational climate dimensions into eight key factors: autonomy, cohesion, trust, pressure, support, recognition, impartiality, and innovation, proposing these as reliable and valid indicators of organizational climate [10]. The telecom industry's knowledge-intensive nature necessitates research on organizational climate's impact on employee commitment. However, the relationship between organizational climate and commitment varies across sectors (Adams, 2003), highlighting the need for sector-specific research. The dynamic technological landscape of telecommunications underscores the importance of a positive organizational climate in retaining committed employees to manage evolving systems; this study investigates this relationship within Oromia Bank's Nekemte District.

Thirdly, the banking industry is highly knowledge and skill intensive, highlighting the need for research on the effects of organizational climate on employee commitment. Fourthly, the relationship between organizational climate and organizational commitment varies significantly across industries and sectors; therefore, findings from one sector may not generalize to others (Adams, 2003). Fifthly, the telecommunications industry's rapid technological advancements necessitate conducive organizational climate to retain committed employees capable of operating new systems. Therefore, this study investigates the effect of organizational climate on employee commitment within Oromia Bank's Nekemte District.

2. Research Hypothesis

In order to find out the effect of organizational climate on employees' organizational commitment, the following hypotheses are proposed depending on the objectives of the study, theoretical and empirical literature review. Hence, the results from the literature review would be used to establish expectations for the relations of the two variables (independent and dependent variable). Therefore, with having theoretical and empirical literature reviews' in mind the following hypotheses are developed.

1. Ho1: Employees' perceived autonomy has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte District
2. Ho2: Trust has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte District.
3. Ho3: Teamwork has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte District.
4. Ho4: Reward & Recognition has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte District.
5. Ho5: Fairness has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte.District
6. Ho6: Supervisors' support has no statistically significant effect on Employees' Affective, Continuance and Normative Commitment in the Case of Oromia Bank Nekemte District.

3. Literature Review

3.1. Concept of Organizational Climate

According to Holloway (2012), organizational climate encompasses measurable work environment properties perceived by employees, influencing their behavior and motivation. It reflects recurring patterns of behavior, attitudes, and feelings, shaping the organization's atmosphere and values. Organizational climate represents shared, enduring values and beliefs embedded within employee actions, lacking a universally accepted definition due to its complex, multilevel, and multidimensional nature stemming from employee perceptions (Henry, 2017).

3.1.1. Employees Perceived of Autonomy

Autonomy refers to the freedom and independence to exercise power without fear, empowering employees to utilize their positional authority within organizational limits. Respectful management fosters responsibility and autonomy, which grows with increased responsibility, cultivating mutual respect and employee confidence (Harris & Harris, 1996). Effective delegation is key to establishing appropriate autonomy within the organizational climate.

3.1.2. Employees Perception of Cohesion/Team workers

Hosseini (2012) defined teamwork as a collaborative process enabling ordinary individuals to achieve extraordinary outcomes through shared goals and strong interpersonal relationships. Successful teamwork relies on synergy among team members, fostering a positive environment of contribution and participation (Harris & Harris, 1996). Team members must adapt to collaborative settings where shared goals are achieved through interdependence rather than individual competition.

3.1.3. Employees' Perception of Trust on Managers

Trust is essential for positive working relationships (Colquitt, LePine, Piccolo, & Rich, 2004). A meta-analysis of 132 studies confirmed its importance in effective working relationships. Trust between supervisors and subordinates is crucial for achieving organizational goals, enhancing cooperation, efficiency, and overall productivity (Brower, Lester, Korsgaard, & Dineen, 2009).

3.1.4. Perception of Rewards and Recognition

Rewards encompass all financial and non-financial benefits employees receive through their employment. Fair and equitable rewards and perceived promotion opportunities are crucial for retention; employees feeling unlikely to receive promotions or good evaluations despite strong performance may seek other jobs (Syahrur, Brahmasari, & Nugroho, 2016). The positive impact of rewards (e.g., pay, incentives) on work attitudes is linked to employees' feeling valued for their efforts (Meyer, Becker, & Vandenberghe, 2004).

3.1.5. Employees Perception of Fairness

Employees value both fair outcomes (distributive justice) and fair treatment (procedural justice). Perceived unfair compensation can negatively impact performance and commitment (Williams, Pitre, & Zainuba, 2002). Procedural unfairness can shift the employee-organization relationship from one of mutual trust and reciprocal obligation to a purely transactional one, limiting employee contributions to only required tasks (Organ, 1990).

3.1.6. Employees' Perception of Support

Perceived organizational support (POS), encompassing supportive leadership and a facilitative climate, reflects employees' beliefs about the organization's valuation of their contributions and care for their well-being (Eisenberger, Fasolo, & Davis-Lamastro, 1990). Individuals assess the behaviors of organizational agents (leaders and managers), inferring underlying motives; the specific factors considered important vary across organizations and individuals.

3.2. Dimensions of Organizational Commitment

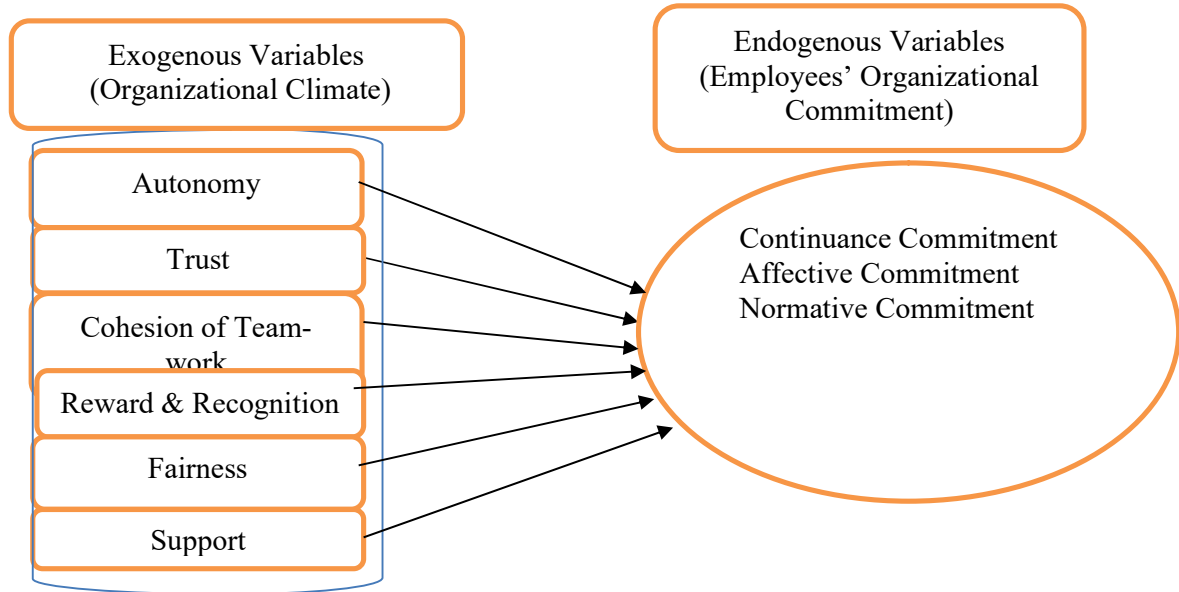
Allen and Meyer's model is a foundational theory of employee commitment, identifying three dimensions: affective, continuance, and normative commitment (Permarupan et al., 2013). These dimensions, based on individual employee attitudes and perceptions, relate to loyalty, turnover intentions, on-the-job behavior, and employee well-being. Meyer and Allen (1997) refined their 1991 model of organizational commitment (OC), acknowledging significant correlations between affective and normative commitment, but also noting that affective and normative dimensions alone don't always accurately predict OC. Their three-dimensional model (affective, normative, continuance commitment) incorporates a psychological state linking employees to the organization (Meyer & Allen, 1997). Affective commitment, according to Meyer and Allen (1997), reflects an employee's emotional attachment, identification with, and involvement in the organization; affectively committed employees remain with the organization because they align their personal values with the organization's goals.

Affective commitment involves emotional attachment, identification, and a desire to remain with the organization; employees stay voluntarily (Meyer, Becker, & Vandenberghe, 2004). Factors influencing affective commitment include job challenge, role clarity, goal clarity, management receptiveness, peer cohesion, equity, organizational support, autonomy, feedback, participation, and dependability. Continuance commitment reflects the awareness of costs associated with leaving, such as financial losses or limited job alternatives; employees remain due to the perceived high cost of departure (Allen & Meyer, 1990). Normative commitment stems from a sense of obligation to remain, often due to the organization's past investments in the employee (Dirks & Ferrin, 2002).

3.3. Conceptual Framework

Based on the overall review of related literatures and the theoretical framework, it suggests that organizational climate has significant relationship or influence on employees' organizational Commitment. Therefore, in this study employees' organizational commitment were taken as endogenous variable while, organizational climate were taken as exogenous variable. The independent variable; organizational climate includes six dimensions such trust on supervisors, organizational support, reward and recognition, fairness, autonomy and cohesion of team workers. Therefore, the relationships of the variable for this study are proposed as follows in the following conceptual framework.

Fig 1: Conceptual framework of the relationship between organizational climate and Employees' Affective, Continuance and Normative commitment.



Source: Adopted from Allen & Mayer (1990) Koy & Decotis (1991) with little self-modification

4. Research Methodology

The research design used was cross-sectional survey of explanatory research design using a questionnaire to collect a data and the data was analyzed by Structural Equation Modeling aided by SPSS Version 23 and SPSS AMOS statistical software version 23 as a data analysis tool. Both Quantitative and qualitative approach was also employed.

5. Data Presentation and Analysis

5.1. Measurement Model

The main purpose of using SEM to assess the measurement model is to find the most parsimonious model which is well fitting and valid. A measurement model is employed to evaluate construct validity in terms of convergent and discriminant validity to discover the extent to which the measures have adequate internal consistency by conducting the necessary tests and the acceptance levels for goodness of fit. The full structural model will then only be valid and reliable when the measurement model is based on theory and well defined constructs, so that the subsequent structural model is based on a solid theoretical foundation [22]. The measurement model task begins with the final outputs of exploratory factor analysis which consists of latent variables with their respective indicators (observed variables) which are shown in the below table and drawn in figure 2 of full measurement model.

Table 1. Proposed Latent variables and Indicators for EFA

N	Latent variables	Indicators(observed variables)								
1	Autonomy(EPA)	EPA1	EPA 2	EPA 3	EPA4	EPA 5	EPA 6	-	-	-
2	Trust(TRST)				TRST 4	TRS T5	TRS T6	-	-	-
3	Teamwork(TWK)	TWK 1	TWK 2	TWK 3	TWK 4	-	-	-	-	-
4	Reward& Recognition(RR)	RR1	RR2	RR3	RR4	-	-	-	-	-
5	Fairness(FRNS)	FRNS 1	FRN S2	FRN S3	FRNS 4	FRN S5	FRN S6	FRN S7	FRN S8	FRNS9
6	Support(SSUP)	-	-	-	SUP4	SUP 5	SUP 6	SUP 7	SUP 8	-
7	Affective Commitment(AC)	AC1	AC2	AC3	AC4	AC5	AC6	AC7	-	-
8	Continuance Commitment(CC)	CC1	CC2	CC3	CC4	-	--	-	-	-

5.2. Construct Validity

Construct validity assesses whether measured items accurately reflect the intended underlying factor model (Hair et al., 2010). Convergent and discriminant validity were assessed for the full measurement model, evaluating the individual constructs (Lewis, Templeton, & Byrd, 2005). This section details these assessments and reports the results of the construct validity analysis.

5.3. Convergent Validity

Convergent Validity refers to the degree of agreement in two or more measures of the same construct. Evidence of convergent validity is assessed by inspection of variance extracted for each factor [11]. Convergent validity is proven, if the variance extracted value exceeds 0.50. All standardized regression weights (estimates) are significant at p value of below 0.001(as described in ***) with the exception of FRNS1 and FRNS9 with a value of 0.27 and 0.433 respectively as standardized regression weights (estimates) all are in acceptable range when it is (above 0.5) and the model shows that the standardized regression weight of FRNS1 and FRNS9 are lower than the 0.5 threshold, suggesting a problem of item reliability and convergent validity [8]. Hence, the proposed full measurement model needs to be re-specified. To re-specify the proposed model, FRNS1 and FRNS9 were items with low loadings and become candidates for deletion and the Amos regression was rerun.

Figure 2; Measurement Model

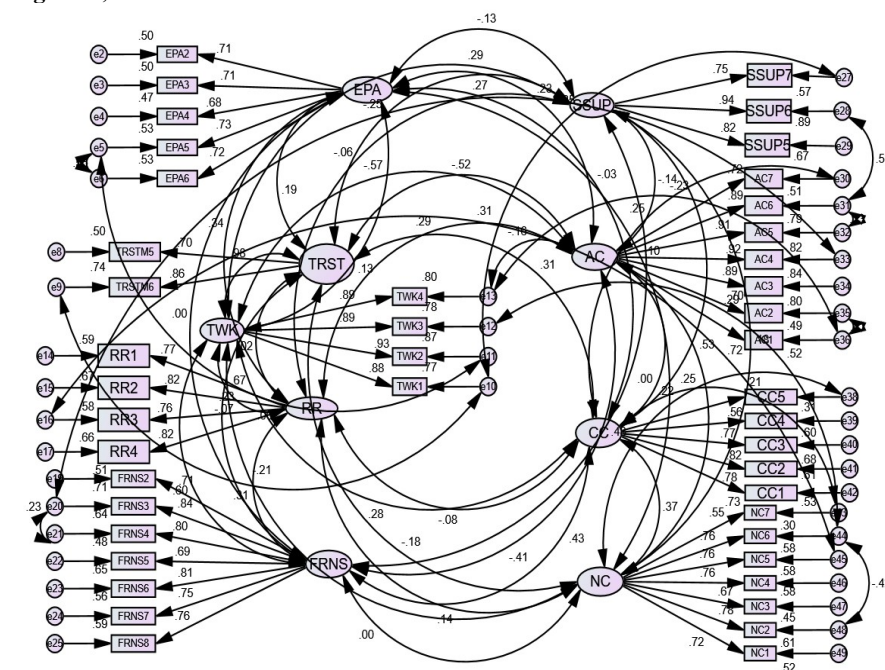


Table 2; Statistics of Re-specified CFA Measurement Model

Chi-square		Absolute Fit Indices		Incremental Fit Indices		Parsimony Fit Indices	
X2(p-value)	1734.334(0.000)	RMSEA	0.052	CFI	0.915	PCFI	0.939
DF	1062	RMR	.069	IFI	0.914	PNFI	0.826
X2/DF	1.633			TLI	.917		

Factor Loadings
 (***) = $p < 0.001$, ** = $p < 0.01$, * = $p < 0.05$)

The outcome of CFA obtained through AMOS, to determine whether the Indicators of Constructs included in the original are statistically valid and reliable to derive an estimable variable for the corresponding incentive. If not, again removing those invalid and unreliable indicators from respective Constructs and restate the above statistical tests on remaining Indicators until the conditions given under each test is satisfied that is when the value of square root of AVE(discriminant validity) is greater than the value of correlation factors. Therefore, in the above table both item reliability and convergent validity at a loading and variance extracted of greater than 0.5 were met showing the existence of both item reliability and convergent validity.

The discriminant validity was measured by comparing the square root of average variance extracted (AVE) for a construct with correlation factors. Constructs have discriminant validity when the square root of AVE is greater than correlation factor for a construct. Table 4.10.2 below displays the average variance extracted, squared factor loading and Square root of AVE for the constructs. All the squared average variances extracted for each of the constructs are greater than the maximum shared variance values or correlation factors. Therefore, all the constructs demonstrate discriminant validity.

Table 2 above reveals that all the model fit indices are within the acceptable range and all observed variables have a convergent validity. As it has seen from the above table, all the latent variables' correlation is below 0.8 indicating the existence of discriminant validity. Consequently, the overall model fit was acceptable.

5.4. Discriminant Validity

Discriminant validity assesses the distinctiveness of each construct within the model. It's established if the square root of the Average Variance Extracted (AVE) for each latent variable exceeds the correlations between those variables; high correlations (above 0.8 or 0.9) indicate poor discriminant validity (Dirks & Ferrin, 2002). This analysis will present discriminant validity measures alongside model fit statistics.

Table 3; Statistics of Discriminant Validity of Final Measurement Model

Constructs	Correlations	Sqrt of AVE	Comment
EPA<-->TRST	.191		Discriminant Validity Holds
EPA<-->TWK	.129		Discriminant Validity Holds
EPA<-->RR	.338		Discriminant Validity Holds
EPA<-->FRNS	.000		Discriminant Validity Holds
EPA<-->SSUP	-.130		Discriminant Validity Holds
EPA<-->AC	.228		Discriminant Validity Holds
EPA<-->CC	-.025		Discriminant Validity Holds
EPA<-->NC	.104	0.73996608	Discriminant Validity Holds
TRST<-->TWK	.983		Discriminant Validity Holds
TRST<-->RR	.023		Discriminant Validity Holds
TRST<-->FRNS	.669		Discriminant Validity Holds
TRST<-->SSUP	.275		Discriminant Validity Holds
TRST<-->AC	-.523		Discriminant Validity Holds
TRST<-->CC	.305		Discriminant Validity Holds
TRST<-->NC	-.181	0.785880398	Discriminant Validity Holds
TWK<-->RR	-.069		Discriminant Validity Holds
TWK<-->FRNS	.600		Discriminant Validity Holds
TWK<-->SSUP	.294		Discriminant Validity Holds
TWK<-->AC	-.574		Discriminant Validity Holds
TWK<-->CC	.281		Discriminant Validity Holds
TWK<-->NC	-.206	0.897738826	Discriminant Validity Holds
RR<-->FRNS	.000		Discriminant Validity Holds

RR<-->SSUP	-.059		Discriminant Validity Holds
RR<-->AC	.287		Discriminant Validity Holds
RR<-->CC	-.080		Discriminant Validity Holds
RR<-->NC	.139	0.791672123	Discriminant Validity Holds
FRNS<-->SSUP	.478		Discriminant Validity Holds
FRNS<-->AC	-.415		Discriminant Validity Holds
FRNS<-->CC	.430		Discriminant Validity Holds
FRNS<-->NC	.000	0.768737369	Discriminant Validity Holds
SSUP<-->AC	-.141		Discriminant Validity Holds
SSUP<-->CC	.247		Discriminant Validity Holds
SSUP<-->NC	.178	0.842448416	Discriminant Validity Holds
AC<-->CC	.000		Discriminant Validity Holds
AC<-->NC	.530	0.66195	Discriminant Validity Holds
CC<-->NC	.374	0.737149781	Discriminant Validity Holds

Source: researchers Amos output (2022)

As can be seen from the table above, a demonstration of discriminate validity used in this study is provided through the comparison of the squared Average variance extracted outputs of Amos measurement model and correlation scores for each of the pair-wise constructs. Since the squared AVEs are greater than the values of the Correlation, the model does not violate the assumption of discriminate validity.

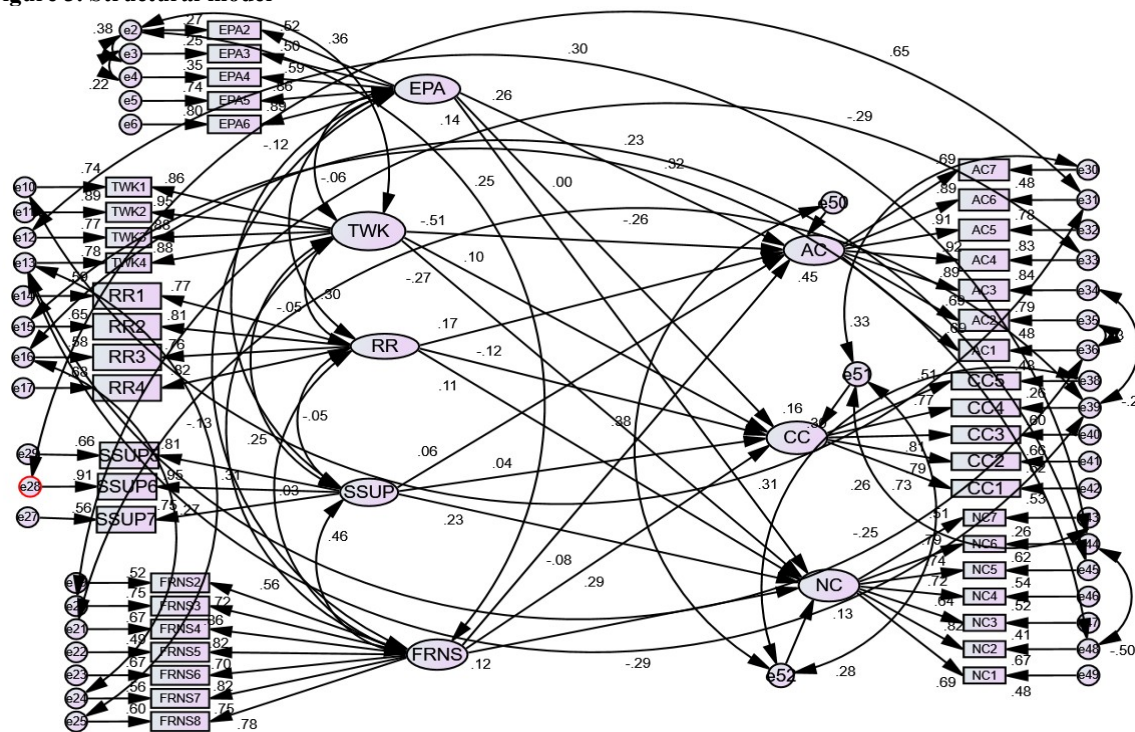
5.5. Structural Model

The assessment of model fit in SEM is a two-step process. First: step involves testing the full measurement model's fit, as well as its construct validity. The goal of testing the measurement model is to establish how well the observed variables of a hypothesized construct relate to one another. However, the test of the full measurement model does not investigate the nature of the relationships between constructs beyond simple correlations. As such, a measurement model is a means towards establishing the fit and validity of a structural model, rather than an end in itself (Hair et al, 2006). Second: requires testing of the structural model, including for the significance of the structural relationships.

The structural model can be tested only after adequate measurement and construct validity are established, as the latter is the groundwork for the structural model. Hence, this section reports on the tests of the structural model. The validity and acceptability of the structural model of this study were evaluated in terms of model fit, that is, GOF indices.

The above provides a description of the above tests and the rule of thumb criteria for what constitutes as acceptable value based on recommendations of SEM literature. Tests for Structural Model Validity fulfill the following: the first is to test Structural model fit, it assesses extent of the structural model fit of the sample data using the GOF indices used for the measurement model (See Table 4.6.4). Second is comparison of loadings of the structural model and the measurement model which assesses closeness of the parameter loadings of the structural and measurement models the acceptable value difference in loading should be 0.05 or less. The third is Variance explained (R²), it is Extent to which variance is explained by the estimates of the model the acceptable value 0.70 and above = great; 0.50 and above = very good. The last is Size and significance of parameter which is to estimates significance of the parameter estimates based on the corresponding the acceptable p-values (p<0.05) and/or t-value above 2.0.

Figure 3. Structural model



(Source: researcher's Amos output2023)

The path diagram displays the standardized regression weights (factor loadings) for the organizational climate variables towards the left and employees' organizational commitment towards the right for each of the indicators. The squared multiple correlation coefficients (R²), describing the amount of variance the common factor accounts for in the observed variables, are also displayed. Additionally, a χ^2 (chi-square) statistic is listed in the column between the tools and the path diagram with the relationship between constructs or latent variables or unobserved variables that are easy to understand, 42 items and e2 with e3, e3 with e4 as well as e34 with e39, e35 with e36, e44 with e48 were co-varied because they have the highest modification indices (MI). Support for and the acceptability of the structural model is evaluated based on the four criteria outlined in previous. First, the structural model's fit statistics are evaluated. This analysis resulted in a good fit to the data as shown in below table 4.6.5.

Table 4; Model Fit Statistics for Structural Model

Chi square	Absolute fit Indices	Incremental Fit Indices	Parsimony Fit Indices
X ² (P value)	1395.563 (0.000)	RMSEA 0.059	CFI 0.912
DF	771	RMR 0.065	IFI 0.913
X ² /df	1.810	TLI 0.901	PNFI 0.738

Source: researcher's AMOS outputs (2020)

The model's normed chi-square (X²/DF) is within the acceptable range. All the incremental fit indices also fit the model threshold value of 0.90, so the model is acceptable in terms of CFI, IFI and TLI. The model's absolute fit index value is also within the recommended range in terms of RMSEA (0.059). Regarding RMR (0.065), the result is within the threshold value. Further, the model's parsimony fit indices values are acceptable in terms of PCFI and PNFI, which show relatively lower value than the corresponding measurement model. Hence, the full structural model as indicated in figure 4.7 is supported and accepted in terms of the selected fit indices in SEM literature.

Second, the loading estimates of the structural model are compared against the loading estimates of the corresponding measurement model. The structural model is expected to show similar or close loadings to that of the measurement model. In this regard, most of the loading estimates of the structural model are virtually unchanged from the measurement model. In the above diagram; the first test indicated that, the default model required some adjustments, in order to achieve the required model fitness. First step was to remove those items,

showing factor loading <0.50 [12]. Initial results signaled a weak model fit and item loadings of the constructs. The results of the initial factor loadings of trust item TRST5 and TRST6 were removed from further analysis due to low value of factor loading, and the rest of the items were retained.

Removing Trust items 5 and 6 resulted in changes to only five standardized estimated loadings, all below the 0.5 threshold. This minimal impact on the remaining variables supports the parameter stability and validity of the structural model relating organizational climate to employee commitment (Hair, Bush, & Ortinau, 2006).

The third assessment of the structural model's validity is examined through the extent of the variance in affective, continuance and normative commitments of employees' organizational commitments as the ultimate dependent (endogenous) variables, which the model explains. As can be seen from Figure 3, the model explains 44%, 15%, and 21%, of the variance (R^2) in affective commitment, continuance commitment and normative commitment respectively, which is good (Chin, 1998). This result further supports the validity of the structural model. The fourth set of criteria for assessing the validity of the structural model is investigating the size, direction and significance of the structural parameter estimates.

It is evident that the five items of EPA, TWK, RR, FRNS and SSUP items load on their parent variable of latent variables of organizational climate while the standardized regression weights for the items moderately were good and they are the indicators of organizational climate. Therefore, as it is shown above, the sub variables EPA, TWK, RR, FRNS and SSUP are the factors that can determine organizational climate as indicated in above.

Again the above path diagram displays the standardized regression weights (factor loadings) for employees' organizational commitment dimensions towards the right for each of the indicators. The squared multiple correlation coefficients (R^2), describing the amount of variance and the common factor accounts for in the observed variables, are also displayed. Additionally, a χ^2 (chi-square) statistic is listed in the column between the tools and the path diagram. Examining the contribution that employees' organizational commitments have through its dimensions (affective, continuance and normative commitments) was accomplished by using AMOS version 23 in the above diagram. As it is shown above, the loadings of the three dimensions of employees' organizational commitments ranges from 0.53 to 0.92 for each of their items with higher loading. Therefore, **AC**, **CC** and **NC** dimensions are the measure of employees' organizational commitments (endogenous variable).

Table 5; shows the structural path estimates and regression weights and seven of the fifteenth paths are significant.

Constructs	Estimate	C.R.	C.R.	P
Affective Commitment<--- Autonomy	.263	.099	3.851	***
Affective Commitment <---Reward and Recognition	.174	.073	2.847	.004
Affective Commitment <---Support	.061	.053	.984	.325
Affective Commitment<---Fairness	-.078	.075	-1.040	.299
Continuance Commitment <---Autonomy	.001	.087	.016	.987
Continuance Commitment<---Support	.040	.053	.560	.575
Continuance Commitment<---Fairness	.292	.078	3.211	.001
Normative Commitment<---Autonomy	.145	.083	1.987	.047
Normative Commitment<---Reward and Recognition	.105	.067	1.472	.141
Normative Commitment<---Support	.233	.050	3.104	.002
Normative Commitment<---Fairness	.122	.070	1.363	.173
Continuance Commitment<---Reward and Recognition	-.117	.072	-1.666	.096
Affective Commitment <---Teamwork	-.510	.059	-6.553	***
Continuance Commitment<---Teamwork	.102	.051	1.300	.193
Normative Commitment<---Teamwork	-.270	.048	-3.316	***

Source: researcher Amos output (2020)

Note: A p value of less than 0.001, i.e., below 1%, in AMOS indicated by ***

Table 6. Direct Effect of Revised Model

Hypothesis	Endogenous<-Exogenous	Std. Estimate	S.E.	C.R	P	Status
Ho1	AC<--- EPA	.263	.099	3.851	***	Fail to reject
	CC<--- EPA	.001	.087	.016	.987	Rejected
	NC<---EPA	.145	.083	1.987	.047	Fail to reject
Ho3	AC<--- TWK	-.510	.059	-6.553	***	Fail to reject
	CC<--- TWK	.102	.051	1.300	.193	Rejected
	NC<--- TWK	-.270	.048	-3.316	***	Fail to reject
Ho3	AC<--- RR	.174	.073	2.847	.004	Fail to reject
	CC<--- RR	-.117	.072	-1.666	.096	Rejected
	NC<--- RR	.105	.067	1.472	.141	Rejected
Ho4	AC<--- FRNS	-.078	.075	-1.040	.299	Rejected
	CC<--- FRNS	.292	.078	3.211	.001	Fail to reject
	NC<--- FRNS	.122	.070	1.363	.173	Rejected
Ho5	AC<--- SSUP	.061	.053	.984	.325	Rejected
	CC<--- SSUP	.040	.053	.560	.575	Rejected
	NC<--- SSUP	.233	.050	3.104	.002	Fail to reject

Source: researcher Amos output (2020) - Note: *Significance at p < 0.001,**

Where: **EPA**-Employees' perceived Autonomy, **TWK**-Cohesion of Teamwork, **RR**-Reward and Recognition, **FRNS**-Fairness, **SSUP**-Supervisor's support, **AC**-Affective-Commitment, **CC**-Continuance Commitment, **NC**-Normative Commitment.

The above table of standardized estimate of beta value has found that a one unit change in employees' perceived autonomy caused (0.263) and (0.145) times changes on affective and normative commitment, besides, a one unit change in teamwork caused a decrease in (-0.510) and (-0.270) times change on affective and normative commitment, and then a one unit change in reward and recognition caused (0.174) change on affective commitment of employees, also a one unit change in fairness caused(0.292) times change on continuance commitment of employees', as well as a one unit change in supervisors' support caused (0.233) times change in normative commitment of employees' to the organization. This showed that, teamwork has a negative influence on affective and normative commitment when compared with other organizational climate variables.

5.6. Discussions of Empirical Findings

This part of discussion answered the specific objectives of" each of the dimensions of organizational climate (EPA, TRST, TWK, RR, FRNS and SSUP) on each of the dimensions of employees' organizational commitment (AC, CC and NC) in Oromia Bank Nekemte District. The general objective of the study is to investigate the effect of organizational climate on employees' organizational commitment.

The null hypothesis was hypothesized that each of the dimensions of organizational climate has no statistically significant effect on each of employees' organizational commitment dimensions. The null hypothesis was tested using AMOS version 23, and structural equation modeling analysis. The discussion part of the analysis tried to answer the general objective, the specific objectives and hypothesis testing of the study.

Hypothesis1, (Ho1a); proposed that employees' perceived autonomy has no statistically significant effect on the affective commitment of employees' to the organization. As can be observed from the table above, this hypothesis were rejected as there is a statistically significant relationship between employees' perceived autonomy (EPA) and affective commitment (AC) (with standardized regression coefficient or path coefficient of 0.263 at p<0.001) which is found to be significant. The results showed that employees' perceived autonomy has a statistically significant effect on the affective commitment of employees' to the organization.

This finding confirms previous findings of (Kotila, 2001) who assert that autonomy reflects the degree of liberty, freedom, independence, impartiality, objectivity and administrative ability the job holder has in accomplishing the task given to them. It can be pointed out that employees perform better when they have the freedom, autonomy and opportunity to decide what and how the job is to be performed and accomplished. Further more autonomy is seen as an integral aspect of motivating employees and giving them the sense to feel they are part of the organizational members and not just as a machine to be used and overhauled (Leach & Wall, 2004). Autonomy is the degree to which a job provides the worker with freedom in carrying out his duties. This result is in accordance with (Steers, 1977). According to Steers (1977) opportunities for social interaction positively

correlated with feelings of commitment. (Astri, 2011) also stated that, teamwork facilitates the meeting of affiliate needs within the workplace and has been directly connected to organizational commitment.

Hypothesis1, (Ho1c); as opposed to the hypothesized idea, employees' perceived autonomy has no statistically significant effect on normative commitment of employees to the organization. But employees' perceived autonomy has a statistically significant effect on normative commitment of employees to the organization (with standardized regression coefficient or path coefficient of 0.145 at $p < 0.047$). The result of the study has indicated that employees' perceived autonomy has a statistically significant and positive effect on the employees' normative commitment to Oromia Bank Nekemte District. The result of this study corroborate with the finding of Newman (2010) .Autonomy as the ability of the employee to determine the way and manner in which they carry out their job. It is an important intrinsic motivator and should be positively related to commitment as it helps to satisfy the internal psychological needs of the individual employees (Newman, 2010).

Hypothesis3 (Ho3a); proposed that cohesion of team-work has no statistically significant effect on affective commitment of employees' to the organization. The result shows that cohesion of teamwork with a (path coefficient of -0.510 at p value of 0.001) has a statistically negative significant effect on employees' affective commitment to the organization as opposed to the hypothesized idea. This implies that cohesion of teamwork or relationships with others encourage employees to exchange and store their knowledge in their organization and assist the commitment of employees' to the organization. This result is also consistent with the findings (Rosh, Offermann, & Van, 2012; Shaw, 1981; Hosseini, 2012) the nature of cohesiveness in a group is a reflection of the level of communication and bonding among group members and results in task, role commitment, group pride and interpersonal attraction and they defined team work as a cooperative process that allows ordinary people to achieve extraordinary results. A team has common goal or purpose where team members can develop effective, mutual relationships to achieve team goals. Team members must be flexible enough to adapt to cooperative working environments where goals are achieved through collaboration and social Interdependence rather than individualized, competitive goal.

Hypothesis3 (Ho3c): Cohesion of Team-work has no statistically significant effect on normative commitment of employees. As opposed to the hypothesis model, teamwork has a statistically negative significant effect on normative commitment (NC) of employees with (standardized regression coefficient of -0.270 with a p value of < 0.001). Therefore, the hypothesis is rejected. The result of this study corroborates the findings of (Steers, 1977). According to Steers (1977) opportunities for social interaction positively correlated with feelings of commitment.

Hypothesis4 (Ho4a); Reward & Recognition(RR) were proposed as if they were not having statistically significant effect on employees' affective commitment(AC) to their organization in hypothesis testing. However, the finding of this study has portrayed that reward and recognition have a statistically positive significant effect on affective commitment of employees to the organization with a (standardized regression weight of 0.174 at p value of 0.004). Therefore the null hypothesis was not supported or rejected. This is in accordance with the result of (Newman, 2010). Recognition programs are designed to attract, motivate and retain talent. They communicate what is important to the organization, and encourage high performance amongst employees through reinforcement of desired behaviors. Recognition promotes a strong sense of leadership and support, and significantly impacts employee productivity, satisfaction and engagement. It also plays a role in reducing turnover and absenteeism in the workplace, and is often more cost-effective and flexible than cash awards. Although some organizations are improving in this area, feedback from employees indicates a need for greater recognition in the workplace. According to Saks (2006) greater incentives and recognitions of the employee's performance, contribute that employees might be satisfied in their mind and also this workplace was fit to them. When the employees received recognitions or rewards from their organization, they would be willingness to react through their best level of commitment towards their organization.

Hypothesis5 (Ho5b); Fairness has no statistically significant effect on continuance commitment of employees' to the organization. As opposed to the hypothesized test, the empirical result of the study revealed that fairness affects continuance commitment with the (path coefficient of 0.292 at p value of 0.001) which is statistically significant. The finding of the study is consistent with the results obtained by (Williams, 2002) employees are concerned with both the fairness of the outcomes that they receive and the fairness of their treatment within the organization (Williams, 2002). If employees perceive unfair compensation, and then they may be less likely to perform, produce, and commit to the organization. (Naumann & Bennett, 2000) in a more recent study of fairness at the group level, introduced the concept of "procedural justice climate," which is a group-level cognition about how a work group as a whole is treated. Leaders must keep their promises and treat employees with respect and dignity, give adequate feedback on tasks and decision-making processes, explain to employees

the criteria for performance related benefits, such as rewards, raises and promotions. When procedures such as performance appraisals are consistent and transparent they are more likely to be perceived as fair.

Hypothesis6 (Ho6c); was hypothesized that support has no statistically significant effect on normative commitment (NC) of employees' to the organization. In contrary with this hypothesis, (β estimate showed a positive value of 0.233 with a p value of 0.002). Thus, the null hypotheses (Ho6c) were rejected as support has a statistically significant and positive effect on normative commitment of employees to the organization. This is similar to the findings of (Oldham, 1976). Satisfaction with supervision is likely to be an important predictor of organizational commitment employees. Because supervisors create much of a subordinate's work environment they might be described as representing the organization to the subordinates. Thus, supervisors play a crucial role in the perceptions employee form about the organization's supportiveness and the extent to which they can be trusted to look after their interests. It follows that satisfaction with supervision could be expected to positively relate to organizational commitment (Oldham, 1976)

5.7. Conclusion

This study was motivated by the null hypothesis testing; Employees' perceived autonomy, trust, teamwork, reward and recognition, fairness and supervisors' support has no statistically significant effect on employees' affective, continuance and normative commitment.

1; Employees perceived autonomy

- ✘ From the model, employees' perceived autonomy has a significant positive effect on affective and normative commitment of employees' to the organization. This implies that in the organization, there were freedom, independence, and self-rule for the employees' to set their performance standards and for organizing their jobs by themselves that makes them to have an emotional attachment and a longer life within the organization and becoming loyal to the organization

2; Teamwork

- ✘ Again the finding has shown that, cohesion of teamwork has negative significant effect on employees' affective and normative commitment to the organization. Depending on this result, the researcher has concluded that in Oromia Bank Nekemte District; there were lack of friendly atmosphere, lack of support and encouragement, lack of sense of belongingness, lack of cohesion which was resulted in dissatisfaction of employees' and unethical acts within the organization and causes less commitment of employees'.

3; Reward & Recognition

- ✘ And also the result of the finding indicated that Reward and Recognition has a significant positive effect on affective commitment. This revealed that Oromia Bank Nekemte District takes care of employees' competencies, praise their efforts, provide rewards and incentives, recognize good performance of the employees' to make the employees' to consider the organization as part of their family that increases the affective commitment of employees' to the organization.

5; Employees' perception of fairness

- ✘ The finding of the study found that, fairness was having a significant effect on employees' continuance commitment. From the result of the model it can be concluded that in Oromia Bank Nekemte District there were no discrimination among employees' while giving promotion based on their performance, good feedback mechanism from the supervisor on reasonable goals that were achieved by the employees' which in return reduces employees' turnover or helps to retain the available man power which in return enhances employees' commitment in the organization.

6; Supervisors' support

- ✘ Finally, it was shown, supervisors' support has a significant positive effect on employees' normative commitment. This implied that the organization cares the employees' well-being at the time of problem, cares and listen their opinion, helps the employees' to learn from their mistake and also encourages the employees goals and values which in return helps to develop norms, ethics and loyalty to the organization.

5.4. Recommendation

The current study examines the effect of organizational climate on employees' organizational commitment by focusing on employees' in Oromia Bank under Nekemte District Office. Thus, it gives hindsight for the practitioner and stakeholders in the organization and it will benefit those who want to create committed employees' by creating conducive organizational climate. The overall result of the present study suggests that

perception contribute toward the commitment of employees' to the organization. Accordingly, the following recommendations are made on the basis of the research findings and the conclusion.

- ✘ The management teams of Oromia Bank should design a mechanism to store, and utilize employees' best academic knowledge, skills and experiences in the form of knowledge management via creating a conducive room for employees' where they can apply their skill and knowledge independently and freely for the employees' to provide a win-win foundation for themselves and for the organization. Therefore, the first priority for an organization's management should be surpassing and managing the climate of autonomy of employees' than ever before to create an emotional attachment and loyalty of employees' to the organization.
- ✘ The management of the Oromia Bank should provide resources for informal groupings to encourage the development of friendly atmosphere, belongingness and team cohesion among group members by strengthening the interactions within the social network to facilitate co-operation and knowledge transfer via encouraging cohesion of teamwork which contributes to commitment.
- ✘ In order to enhance employees' organizational commitment in the bank,, more attention should be given to the assessment and development of organizational climate within HR activities of the firm that promotes good performance through different incentive mechanisms that inspires employees' to be committed than ever before.
- ✘ The management of Oromia Bank should work hard to improve its employees' commitment and enhance to increase organizational climate other than employees' perceived autonomy, team work, & employees' perception toward fairness along with actions taken in attaining strategic goals.
- ✘ The last but not the least, Oromia Bank should do more actions in enhancing the climate which cares for employees' wellbeing at the time of risk, and listen their opinion which paves a way to higher commitment of employees'. By understanding and identifying other determinant dimensions of organizational climate, appropriate action should be taken in order to manage and control employees' commitment related event or acts within their organization.

5.5. Suggestion for Future Research

As this research emphasized on combining organizational climate and employees' organizational commitment that are less frequently examined simultaneously, further investigation in this area is obviously needed. The model integrating organizational climate and employees' organizational commitment as proposed in this study should be investigated in other countries and other types of firms to explore whether it holds true in other industry contexts. Future researchers should also consider other mediating variables such as employees' job satisfaction to investigate the effect of organizational climate on employees' organizational commitment.

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