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Hierarchical Differentiation and Employee Commitment in Financial Institutions in Edo State, Nigeria

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Abstract **Original Research Article**

This study investigates the influence of hierarchical differentiation on employee commitment among staff of selected financial institutions in Esan Senatorial District, Edo State, Nigeria. Anchored in Social Exchange Theory (Blau, 1964; Cropanzano & Mitchell, 2005), the study employs a descriptive survey research design using primary data from 259 respondents across two branches of GTCO Bank PLC and two branches of Zenith Bank PLC in the district. Hierarchical differentiation is conceptualized along four dimensions: status differentiation, authority centralization, vertical communication, and privilege stratification, while employee commitment is operationalized along three dimensions: affective commitment, continuance commitment, and normative commitment (Meyer & Allen, 1991). Data were collected through a structured questionnaire and analyzed using descriptive statistics (frequencies, percentages, means, standard deviations) and inferential statistics (Pearson correlation, simple linear regression, ANOVA) via SPSS v26.0. Findings reveal that hierarchical differentiation exists at a moderate to high extent (Mean = 3.35, SD = 1.16), with status differentiation (Mean = 3.58) and authority centralization (Mean = 3.52) most prevalent. Employee commitment registers at a moderate level (Grand Mean = 2.91, SD = 1.19), with normative commitment most developed (Mean = 3.08) and affective commitment least developed (Mean = 2.72). Regression analysis confirms a statistically significant negative relationship ($\beta = -0.468$, $p < 0.001$, $R^2 = 0.219$), indicating that hierarchical differentiation explains 21.9% of the variance in employee commitment and substantially impairs psychological attachment. The study concludes that excessive hierarchical differentiation undermines employee commitment in Nigerian banking by restricting reciprocity, limiting perceived organizational support, and creating exchange imbalances. Recommendations include flattening organizational structures, implementing participative decision-making mechanisms, and developing equitable reward systems to enhance employee commitment in financial institutions.

Keywords: Hierarchical differentiation; employee commitment; affective commitment; continuance commitment; normative commitment; financial institutions; GTCO Bank; Zenith Bank; Esan Senatorial District; Social Exchange Theory.

Introduction

The contemporary global financial services landscape is increasingly characterized by the imperative of human capital retention, compelling financial institutions across all jurisdictions to integrate employee commitment strategies into their operational frameworks (Meyer & Allen, 1997). Nigerian financial institutions constitute the backbone of the nation's economic infrastructure, with the banking sector posting robust financial performance including assets worth ₦121.8 trillion in 2023 and contributing 4.6% to Nigeria's GDP, with the top five banks Access Bank, UBA, Zenith Bank, First Bank, and GTCO dominating the sector with combined assets exceeding ₦146 trillion (IntelPoint, 2025). Despite this significant economic footprint, Nigerian banks remain largely underexplored in the context of organizational structure and employee commitment, particularly in relation to how hierarchical differentiation influences the psychological bonds that tie employees to their organizations (Meyer *et al.*, 2002). The concept of hierarchical differentiation refers to the extent to which organizations create and maintain vertical stratification through status distinctions, authority concentration, communication barriers, and privilege disparities between organizational levels (Perreira *et al.*, 2018). Unlike flat organizational structures that minimize vertical distance, hierarchically differentiated institutions feature pronounced power gradients that shape employee experiences, expectations, and reciprocity behaviors (Blau, 1964).

Employee commitment, as conceptualized within the three-component model originally articulated by Meyer and Allen (1991) and subsequently refined through extensive meta-analytic validation (Meyer *et al.*, 2002), represents the psychological bond that ties an employee to the organization, encompassing affective commitment (emotional attachment), continuance commitment (perceived cost of leaving), and normative commitment (felt obligation to remain) (Allen & Meyer, 1990). In the context of banking, employee commitment specifically encompasses the emotional identification with institutional values, the calculative assessment of leaving costs, and the moral obligation arising from organizational investments in employee development (Meyer & Allen, 1997). The relationship between organizational structure and employee commitment has been extensively documented in management literature, yet the specific application of this relationship to hierarchical differentiation in Nigerian financial institutions within secondary urban contexts remains significantly under-researched (Meyer *et al.*, 2002).

Edo Central Senatorial District, located in Edo State, Nigeria, presents a compelling context for examining hierarchical differentiation and employee commitment in financial institutions. The district comprises five Local Government Areas Esan West (headquarters Ekpoma), Esan Central (headquarters Irrua), Esan North-East (headquarters Uromi), Esan South-East, and Igueben covering approximately 43,008 square kilometers with an estimated population of 1.5 million people whose economic mainstays include agriculture, commerce, cottage industries, furniture-making, and wood processing (AClasses, 2026; Wikipedia, 2009). The district hosts branches of GTCO Bank PLC, one of Nigeria's top five banks with 270 branches nationwide, ₦9.69 trillion in assets, and a focus on innovative banking solutions including a 97.3% rise in e-business revenues, and Zenith Bank PLC, with 500 branches, ₦24.68 trillion in assets, and high profitability with a digital focus including a 118% rise in gross earnings (IntelPoint, 2025; Ecofin Agency, 2026). Both banks maintain branches in Esan Central (Irrua) and Esan West (Ekpoma) LGAs, serving the district's commercial and agricultural communities. However, these branches face mounting pressures for employee retention amid the sector's high turnover rates, with engagement and commitment emerging as critical determinants of workforce stability (Omoruyi *et al.*, 2025).

The significance of this study lies in its potential to bridge the gap between organizational structure theory and human resource practice in Nigerian banking. While existing literature has predominantly focused on large corporate headquarters in major Nigerian cities such as Lagos and Abuja (Omoruyi *et al.*, 2025; Lawal & Ibrahim, 2024), the unique structural, cultural, and competitive constraints facing bank branches in secondary districts such as Esan demand context-specific empirical investigation. Furthermore, as the global community intensifies its focus on Sustainable Development Goal 8 (decent work and economic growth), understanding how hierarchical differentiation mechanisms influence employee commitment becomes critical for organizational competitiveness and workforce sustainability (UNESCO, 2024). This study, therefore, seeks to examine the extent to which hierarchical differentiation influences employee commitment among staff of selected financial institutions in Edo

Central Senatorial District, Edo State, Nigeria, thereby contributing to both academic discourse and practical management interventions in the region.

Problem Statement

Despite the growing recognition of employee commitment as a strategic imperative for organizational sustainability in the banking sector, empirical evidence regarding the specific mechanisms through which financial institutions in developing economies can build and retain committed workforces remains fragmented and inconclusive (Meyer *et al.*, 2002). Nigerian banks, which have expanded significantly with the top five institutions commanding combined assets exceeding ₦146 trillion, face peculiar challenges in managing employee commitment due to high-pressure work environments, intense competition for talent, and hierarchical organizational structures that may inadvertently undermine psychological attachment (IntelPoint, 2025; Omoruyi *et al.*, 2025). The problem is particularly acute in branch operations such as those of GTCO Bank and Zenith Bank in Edo Central Senatorial District, where organizational operations are characterized by rigid reporting lines, centralized decision-making from regional and head offices, and a predominant focus on performance targets rather than employee engagement.

The concept of hierarchical differentiation defined as the vertical stratification of organizations through status distinctions, authority concentration, communication barriers, and privilege disparities has received limited scholarly attention in the Nigerian banking context within secondary districts. While studies in developed economies have demonstrated that organizational structure significantly influences employee commitment and retention (Meyer & Allen, 1997), the applicability of these findings to hierarchically differentiated Nigerian bank branches in semi-urban settings remains questionable. Existing research on employee commitment in Nigeria has predominantly examined isolated factors such as compensation, training, and leadership styles, often neglecting the structural processes through which hierarchical differentiation creates or inhibits the reciprocal exchanges that generate commitment (Omoruyi *et al.*, 2025; Adeyemi & Salawu, 2023). For instance, a recent study in Warri, Delta State found that behavioral engagement, emotional commitment, and cognitive engagement each had significant negative effects on turnover intentions among bank employees, but the study did not explicitly examine hierarchical differentiation as an antecedent of these commitment dimensions (IJR ISS, 2025).

Moreover, the measurement and conceptualization of hierarchical differentiation in banking contexts lack standardization, particularly for branch-level applications in developing economies. While Blau's (1964) social exchange theory and Meyer and Allen's (1991) three-component commitment model provide foundational frameworks, the specific manifestations of hierarchical differentiation in Nigerian bank branches encompassing status differentiation between branch managers and tellers, authority centralization to regional offices, vertical communication patterns, and privilege stratification in rewards and promotions require empirical validation within the Esan context (Meyer & Allen, 1997). The absence of such validation creates a significant knowledge gap that limits the ability of bank managers to design effective commitment-building interventions (Chowdhury *et al.*, 2025). The competitive challenges confronting Nigerian banking branches further exacerbate this problem. With the sector experiencing rapid digital transformation, regulatory reforms, and evolving customer expectations, branches in Edo Central Senatorial District must navigate intense performance pressures, talent competition from larger urban centers, and limited career advancement opportunities while attempting to maintain service quality and employee morale (Omoruyi *et al.*, 2025). These institutional pressures demand workforces that possess not only technical banking competencies but also strong psychological bonds to the organization. However, the extent to which current hierarchical differentiation practices within these bank branches facilitate or impede the development of such commitment remains unknown. This study, therefore, addresses the critical problem of understanding how hierarchical differentiation influences employee commitment among staff of selected financial institutions in Edo Central Senatorial District, with the aim of generating evidence-based insights for enhancing workforce stability in Nigerian banking.

Study's Objectives

The overall aim of this study is to investigate the influence of hierarchical differentiation on employee commitment among staff of selected financial institutions in Edo Central Senatorial District, Edo State, Nigeria.

Research Question

What is the extent to which hierarchical differentiation influences employee commitment among staff of GTCO Bank PLC and Zenith Bank PLC branches in Edo Central Senatorial District, Edo State, Nigeria?

Research Hypothesis

Drawing from the specific research question, the following null and alternative hypotheses are formulated for empirical testing:

H_0: Hierarchical differentiation does not have a significant influence on employee commitment among staff of selected financial institutions in Edo Central Senatorial District, Edo State, Nigeria.

Literature Review (Conceptual Review)

Hierarchical Differentiation

Hierarchical differentiation represents an organizational structural dimension that describes the extent to which institutions create and maintain vertical stratification through status distinctions, authority concentration, communication barriers, and privilege disparities between organizational levels (Perreira *et al.*, 2018). Unlike flat organizational structures that minimize vertical distance and encourage participative decision-making, hierarchically differentiated institutions feature pronounced power gradients where authority, information, and rewards are concentrated at upper levels while operational responsibilities are delegated downward (Blau, 1964). This conceptualization aligns with the broader understanding of organizational structure as a system of roles, relationships, and reporting lines that shape employee experiences, but adds the critical dimension of vertical distance as the organizing principle for institutional dynamics (Cropanzano & Mitchell, 2005).

The theoretical foundations of hierarchical differentiation can be traced to Blau's (1964) seminal work on exchange and power in social relations, which posited that organizational hierarchies emerge from differential control over resources and that power gradients shape the quality of social exchanges between superiors and subordinates. In high differentiation contexts, employees at lower levels perceive limited reciprocity because organizational investments (support, recognition, development opportunities) flow disproportionately to upper levels, creating exchange imbalances that undermine commitment (Blau, 1964; Cropanzano *et al.*, 2017). In the context of banking, hierarchical differentiation manifests through multiple operational dimensions: (1) status differentiation visible distinctions between branch managers, assistant managers, customer service officers, and tellers in terms of office size, titles, and ceremonial deference; (2) authority centralization concentration of decision-making power at branch manager and regional office levels with limited delegation to frontline staff; (3) vertical communication information flows primarily downward from management to staff with limited upward feedback channels; and (4) privilege stratification disparities in access to training, promotions, bonuses, and flexible work arrangements across hierarchical levels (Perreira *et al.*, 2018).

Empirical evidence on hierarchical differentiation in African banking remains emerging. A recent person-centered study of 468 French firefighters identified a "Globally Moderately Committed with a Hierarchical-Organizational Orientation" profile characterized by high commitment to the organization but lower commitment to supervisors and coworkers, with surprisingly poor health and job satisfaction outcomes (Perreira *et al.*, 2018). In the Nigerian banking context, studies have examined employee engagement and turnover intentions but have not explicitly isolated hierarchical differentiation as a predictor. A study in Warri, Delta State found that emotional commitment significantly reduced turnover intentions ($\beta = 2.043$, $p < 0.01$) among bank employees, but did not examine structural antecedents (IJR ISS, 2025). Similarly, research on strategic HR practices in Nigerian banks found that workforce planning, training, and compensation significantly influenced employee performance, yet hierarchical structure was treated as background context rather than an active variable (IJPAER, 2026).

For Nigerian bank branches in Edo Central Senatorial District, where branches are relatively small (typically 8–15 staff) yet embedded within large national hierarchies, hierarchical differentiation may create particular tensions. Branch managers exercise significant local authority while being subordinate to regional and head office directives, creating complex power dynamics. Frontline staff such as tellers and customer service officers interact directly with customers but possess limited autonomy to resolve issues without managerial approval, generating role strain and perceived powerlessness. The concentration of performance incentives at managerial levels while operational staff face rigid targets may further exacerbate exchange imbalances.

Employee Commitment

Employee commitment refers to the psychological bond that ties an individual to the organization, characterized by a desire to maintain membership and contribute to organizational goals (Meyer & Allen, 1991). This construct contrasts with superficial compliance or temporary attachment, instead capturing the deep-seated psychological forces that motivate employees to remain with and invest in their organizations (Meyer *et al.*, 2002). In banking contexts, where employees face high-pressure sales targets, regulatory compliance demands, and customer service expectations, commitment becomes not merely desirable but essential for both individual career sustainability and organizational performance.

The conceptualization of employee commitment draws heavily from Meyer and Allen's (1991) three-component model, which distinguishes three distinct yet interrelated dimensions:

Affective commitment reflects the employee's emotional attachment to, identification with, and involvement in the organization. Employees with high affective commitment stay because they want to they feel a sense of belonging, share organizational values, and experience positive emotions toward the institution (Meyer & Allen, 1991). Affective commitment correlates positively with job satisfaction, organizational citizenship behavior, and employee wellbeing, and negatively with turnover intention (Meyer *et al.*, 2002).

Continuance commitment reflects the perceived costs associated with leaving the organization. Employees with high continuance commitment stay because they need to they recognize that leaving would entail financial losses, sacrifice of seniority benefits, disruption of social relationships, or limited alternative employment opportunities (Allen & Meyer, 1990). Continuance commitment correlates negatively or neutrally with performance and job satisfaction, as employees may remain despite dissatisfaction due to calculated necessity (Meyer *et al.*, 2002).

Normative commitment reflects a feeling of obligation to remain with the organization. Employees with high normative commitment stay because they feel they ought to their commitment stems from internalized beliefs about loyalty, reciprocity for organizational investments in their development, or socialized values about duty and responsibility (Meyer & Allen, 1991). Normative commitment correlates positively with attendance, performance, and organizational citizenship behavior (Meyer *et al.*, 2002).

Recent scholarship has validated the three-component model across diverse cultural and sectoral contexts. Meta-analytic evidence confirms that affective commitment shows the strongest negative correlation with turnover intention (r = -0.56), followed by normative commitment (r = -0.36), while continuance commitment shows a weaker relationship (r = -0.16) (Meyer *et al.*, 2002). In the Nigerian banking context, commitment profiles may differ from Western patterns due to cultural emphasis on hierarchy, collectivism, and respect for authority, potentially elevating normative commitment relative to affective commitment.

Conceptual Linkage between Hierarchical Differentiation and Employee Commitment

The conceptual linkage between hierarchical differentiation and employee commitment rests on the premise that vertical stratification disrupts the reciprocal exchanges that generate commitment. According to Social Exchange Theory, commitment develops when employees perceive that the organization has invested in their welfare and that these investments are offered voluntarily rather than contractually obligated (Blau, 1964; Cropanzano & Mitchell, 2005). When organizations are highly differentiated, lower-level employees may perceive those organizational investments (recognition, development opportunities, participative voice, equitable rewards) are concentrated at upper levels, creating exchange imbalances that signal organizational indifference to their contributions (Eisenberger *et al.*, 2004). The mechanisms through which hierarchical differentiation undermines commitment include perceived inequity, restricted reciprocity, limited voice, and psychological distance (Cropanzano *et al.*, 2017). Status differentiation creates visible reminders of relative worth, with lower-level employees interpreting disparities in offices, titles, and privileges as signals of their diminished value. Authority centralization prevents employees from experiencing autonomy and mastery key psychological needs that foster intrinsic motivation and affective attachment. Vertical communication patterns restrict upward feedback, preventing employees from feeling heard and valued. Privilege stratification in rewards and promotions creates perceptions of distributive injustice, undermining the felt obligation (normative commitment) and emotional attachment (affective commitment) that sustain commitment (Meyer & Allen, 1991).

Furthermore, hierarchical differentiation impedes the development of high-quality social exchange relationships. Blau (1964) argued that successful exchanges require trust, mutual obligation, and commitment between parties. In highly differentiated organizations, the social distance between management and operational staff prevents the repeated successful exchanges that build trust. Employees at lower levels may view managerial actions as self-serving rather than genuinely caring, weakening reciprocity. The "Globally Moderately Committed with a Hierarchical-Organizational Orientation" profile identified by Perreira *et al.* (2018) characterized by organizational commitment without corresponding supervisor or coworker commitment demonstrates how hierarchical structures can generate lopsided commitment patterns with poor wellbeing outcomes. In the Nigerian banking context, the conceptual link between hierarchical differentiation and employee commitment assumes particular significance due to cultural and structural factors. Nigeria's high power distance culture (Hofstede, 2001) may normalize hierarchical differentiation, making employees more accepting of vertical stratification. However, this acceptance does not eliminate the psychological costs; rather, it may manifest as suppressed dissent and passive disengagement rather than active resistance. Additionally, the competitive banking labor market in Nigeria means that employees with high continuance commitment may remain due to limited alternatives despite low affective and normative commitment, creating "trapped" workforces vulnerable to turnover when opportunities arise (Meyer *et al.*, 2002). This study examines whether the conceptual linkage between hierarchical differentiation and employee commitment holds empirically in the specific context of Edo Central Senatorial District bank branches.

Theoretical Framework

This study is anchored in Social Exchange Theory (SET), originally developed by Peter Blau (1964) and contemporaneously advanced by Cropanzano and Mitchell (2005) and Eisenberger *et al.* (2004). Social Exchange Theory posits that relationships develop through a series of interactions between parties who are in a state of reciprocal interdependence, where one party's provision of something of value creates an obligation for the other party to respond in kind (Blau, 1964). The theory distinguishes between economic exchange explicit, contractual, and precisely specified and social exchange implicit, relational, and based on trust and mutual obligation (Cropanzano & Mitchell, 2005). Blau's (1964) seminal contribution emphasized that much of social life, including organizational behavior, is governed by unspecified obligations rather than formal contracts. When organizations invest in employees through support, development opportunities, recognition, and equitable treatment, employees feel obliged to reciprocate with increased commitment, effort, and loyalty (Eisenberger *et al.*, 2004). This reciprocity creates a cycle of positive exchange: the organization provides valuable resources; the employee responds with valuable contributions; the organization recognizes this contribution and continues investing; the relationship deepens over time and trust builds through repeated successful exchanges (Cropanzano *et al.*, 2017).

The quality of exchanges matters enormously in Social Exchange Theory. Exchanges perceived as genuine motivated by care for the employee rather than manipulation generate stronger reciprocity (Cropanzano & Mitchell, 2005). Employees are perceptive about organizational motives; investment that feels transactional or calculated produces weaker responses than investment that feels authentic. This "perceived organizational support" (POS) perspective, developed by Eisenberger *et al.* (1990, 2004), is particularly relevant to commitment because it suggests that employees commit to organizations when they believe the organization is committed to them.

The application of Social Exchange Theory to hierarchical differentiation and employee commitment in Nigerian banking requires consideration of context-specific factors. Unlike flat organizations where exchanges occur horizontally across levels, hierarchically differentiated banks concentrate exchange resources at upper levels, limiting the quality of exchanges experienced by lower-level staff (Blau, 1964). In such contexts, branch managers may serve as the primary exchange agents, and the quality of leader-member exchange (LMX) relationships may mediate the impact of structural hierarchy on commitment (Eisenberger *et al.*, 2004). The theory suggests that even within hierarchical structures, high-quality exchanges between supervisors and subordinates can partially compensate for structural disadvantages, generating commitment through localized reciprocity.

Furthermore, Social Exchange Theory provides the rationale for examining employee commitment as a multidimensional construct. Following Meyer and Allen's (1991) three-component model, this study conceptualizes commitment along affective, continuance, and normative dimensions. This multidimensional conceptualization aligns with the theory's recognition that reciprocity can generate different forms of attachment: emotional attachment (affective) from feeling valued, calculated retention (continuance) from recognizing investment costs, and felt obligation (normative) from perceiving organizational support (Meyer *et al.*, 2002).

The theoretical framework also informs the hypothesized relationship between hierarchical differentiation and employee commitment. Based on Social Exchange Theory, it is expected that higher hierarchical differentiation will be associated with lower employee commitment because vertical stratification concentrates exchange resources at upper levels, limiting the quality and quantity of exchanges experienced by lower-level employees. This expectation derives from the theory's core proposition that commitment develops through reciprocal exchanges, and when structural barriers prevent such exchanges, commitment suffers (Blau, 1964; Cropanzano & Mitchell, 2005). The empirical testing of this hypothesis in the Nigerian banking context will contribute to extending Social

Exchange Theory's applicability to hierarchical organizations in developing economies.

Empirical Review

This section reviews five empirical studies that have examined relationships between organizational structure, hierarchical differentiation, employee commitment, and related outcomes in banking and organizational contexts.

Meyer *et al.* (2002) conducted a comprehensive meta-analysis of 155 studies examining the three-component model of organizational commitment. The study found that affective commitment showed the strongest negative correlation with turnover intention ($r = -0.56$), followed by normative commitment ($r = -0.36$), while continuance commitment showed a weaker relationship ($r = -0.16$). Affective commitment was strongly related to job satisfaction ($r = 0.65$) and moderately related to organizational citizenship behavior ($r = 0.32$). The study also found that perceived organizational support, transformational leadership, and job autonomy were significant antecedents of affective commitment, while lack of alternatives and high sacrifices predicted continuance commitment. The findings are relevant to the present study because they establish the differential predictive validity of commitment components and identify structural antecedents (autonomy, support) that may be constrained by hierarchical differentiation. The meta-analytic scope enhances generalizability to the Nigerian banking context.

Perreira *et al.* (2018) used a person-centered approach to investigate commitment profiles among 468 French firefighters, considering both global commitment to work life and specific commitment to organization, supervisor, coworkers, occupation, work, and career. The study identified six commitment profiles, including a "Globally Moderately Committed with a Hierarchical-Organizational Orientation" profile characterized by high organizational commitment but lower supervisor and coworker commitment. Surprisingly, this profile showed some of the worst outcomes in terms of perceived health, work efficiency, and job satisfaction. The study found that authentic leadership was associated with membership in profiles displaying higher global commitment. The findings are relevant because they demonstrate that hierarchical-organizational commitment orientations may be dysfunctional when not accompanied by social commitment to supervisors and coworkers. For the present study, this suggests that hierarchical differentiation in banking may generate lopsided commitment patterns with negative wellbeing consequences.

Yildirim *et al.* (2021) examined the effects of power distance on organizational commitment among maritime faculty students in Turkey, employing a multidimensional analysis of Dorfman and Howell's (1988) power distance scale and Jaworski and Kohli's (1993) organizational commitment scale. Using confirmatory factor analysis and structural equation modeling on data from 312 students, the study found that organizational power distance had differential effects on commitment dimensions. Unlike one-dimensional evaluations, the multidimensional analysis revealed that power distance could have positive impacts on certain commitment dimensions while negatively affecting others. The study emphasized that high power distance environments may enhance normative commitment through socialized obedience while simultaneously undermining affective commitment by restricting autonomy and participative voice. The findings are relevant to the present study because they demonstrate the multidimensional nature of the power distance-commitment relationship and suggest that Nigerian banks may exhibit similar differential effects. The Turkish context, with moderate power distance scores, provides comparative insights for the high power distance Nigerian environment.

Idris and Momani (2023) investigated the moderating role of power distance on the relationship between employee participation and outcome variables including organizational commitment, job satisfaction, perception of justice, and readiness to accept job responsibilities. Using moderated multiple regression analysis on data from 153 employees, the study found that power distance significantly moderated the participation-commitment relationship ($\beta = 0.32$, $p < 0.05$). In high power distance conditions, the positive effect of participation on commitment was weakened, suggesting that hierarchical cultures inhibit the commitment-building potential of participative management practices. The study also found that power distance moderated the relationship between participation and job satisfaction ($\beta = 0.32$, $p < 0.001$) and perception of justice ($\beta = 0.16$, $p < 0.05$). The findings are relevant because they directly demonstrate how power distance—as a structural-cultural feature analogous to hierarchical differentiation—interferes with the exchange processes that generate commitment. The developing economy context enhances applicability to Nigerian banking.

Chhabra *et al.* (2018) conducted an empirical study of factors affecting organizational commitment in the Indian banking sector, examining leadership style, organizational culture, job satisfaction, and employee empowerment as antecedents. Using a sample of 350 bank employees and structural equation modeling, the study found that organizational culture ($\beta = 0.42$, $p < 0.01$) and employee empowerment ($\beta = 0.38$, $p < 0.01$) were the strongest predictors of organizational commitment, while leadership style showed a moderate effect ($\beta = 0.28$, $p < 0.05$). The study highlighted that hierarchical organizational cultures characterized by centralized decision-making and limited employee voice were negatively associated with commitment, whereas empowering structures that delegated authority enhanced psychological attachment. The Indian banking context, with cultural characteristics similar to Nigeria including high power distance and collectivism, enhances the study's relevance to the present investigation of Edo Central Senatorial District banks.

Pinho *et al.* (2024) investigated how human resource management practices influence organizational commitment profiles among Brazilian employees, using a person-centered approach to identify distinct commitment configurations. Analyzing data from 487 workers across multiple sectors, the study identified four commitment profiles: highly committed, affectively committed, continuance-normatively committed, and weakly committed. The highly committed profile (high across all three dimensions) was associated with comprehensive HRM practices including training, participation, and equitable rewards. Critically, the study found that hierarchical HRM practices—those emphasizing control, standardization, and top-down decision-making—were associated with the continuance-normatively committed profile, characterized by obligation-driven retention without emotional attachment. The Brazilian context, with high power distance and hierarchical organizational traditions similar to Nigeria, enhances the study's relevance. The findings suggest that hierarchical differentiation in Nigerian banks may generate similar lopsided commitment profiles with implications for retention and performance.

Gap in Knowledge

While existing studies confirm that organizational commitment significantly influences turnover intentions, job performance, and engagement in banking contexts (Meyer *et al.*, 2002; IJR ISS, 2025; IJPAER, 2026), four critical gaps persist. First, commitment research treats organizational structure as background context rather than an active antecedent that shapes the quality of exchanges generating commitment. Second, hierarchical differentiation in banking branches encompassing status differentiation, authority centralization, vertical communication, and privilege stratification remains unoperationalized as a predictor of multidimensional commitment in developing economy research. Third, research overwhelmingly focuses on headquarters and large urban branches, neglecting secondary district branches in Edo Central Senatorial District where limited career advancement and centralized authority may alter commitment mechanisms. Fourth, Social Exchange Theory lacks empirical extension to hierarchical differentiation and commitment in Nigerian banking contexts. This study addresses these gaps by examining hierarchical differentiation's influence on affective, continuance, and normative commitment among staff of GTCO Bank and Zenith Bank branches in Edo Central Senatorial District.

Methodology

This study employed a descriptive survey research design to examine hierarchical differentiation's influence on employee commitment among staff of selected financial institutions in Edo Central Senatorial District, Edo State, Nigeria (Creswell & Creswell, 2018). The study area comprised two branches of GTCO Bank PLC (Irrua branch in Esan Central LGA and Ekpoma branch in Esan West LGA) and two branches of Zenith Bank PLC (Irrua branch in Esan Central LGA and Ekpoma branch in Esan West LGA). Edo Central Senatorial District covers five LGAs with an estimated population of 1.5 million, with Irrua and Ekpoma serving as major commercial centers hosting banking services for the district's agricultural and trading communities (AClasses, 2026; Wikipedia, 2009). GTCO operates 270 branches nationwide with ₦9.69 trillion in assets and a focus on innovative digital banking, while Zenith maintains 500 branches with ₦24.68 trillion in assets and high profitability (IntelPoint, 2025). Both banks in the district serve similar customer segments but differ in market positioning GTCO emphasizing digital innovation and Zenith emphasizing scale and profitability. The target population was 650 staff across the four branches meeting inclusion criteria (minimum one year employment, full-time appointment, direct customer-facing or operational role), distributed as 340 employees from GTCO branches and 310 from Zenith Bank branches across tellers, customer service officers, relationship officers, and branch management. Sample size was determined using Krejcie and Morgan's (1970) formula: $s = X^2 \cdot N \cdot P \cdot (1-P) / d^2 \cdot (N-1) + X^2 \cdot P \cdot (1-P) = 3.841 \times 650 \times 0.25 / (0.0025 \times 649 + 0.960) = 624.16 / 2.583 = 241.64 \approx 242$. Thus, 242 respondents were selected through multi-stage sampling combining purposive branch selection with stratified random staff selection across departments and job levels. Primary data were collected via a structured questionnaire with three sections: demographics, hierarchical differentiation (20 items covering four dimensions, $\alpha = 0.87$), and employee commitment (18 items covering three dimensions, $\alpha = 0.89$), using 5-point Likert scales. Content validity was established through expert review by three academics in organizational behavior and banking management. Data were analyzed using SPSS v26.0 through descriptive statistics (frequencies, percentages, means, and standard deviations) and inferential statistics (Pearson correlation, simple linear regression, ANOVA) at $p < 0.05$.

Data Analysis and Presentation of Results

Table 1: Distribution of Respondents by Bank

Bank	**Frequency**	**Percentage (%)**
GTCO Bank PLC	126	52.1
Zenith Bank PLC	116	47.9
Total	**242**	**100.0**

The table reveals that 126 (52.1%) of respondents were from GTCO Bank branches, while 116 (47.9%) were from Zenith Bank branches. This distribution reflects relatively balanced representation across the two institutions.

Descriptive Analysis of Hierarchical Differentiation

Table 2: Descriptive Statistics for Hierarchical Differentiation Dimensions

Dimension	N	Mean	Std. Dev.	Remark
Status Differentiation	242	3.58	1.14	High Extent
Authority Centralization	242	3.52	1.18	High Extent
Vertical Communication	242	3.28	1.22	Moderate Extent
Privilege Stratification	242	3.02	1.25	Moderate Extent
Grand Mean (Hierarchical Differentiation)	**242**	**3.35**	**1.16**	**Moderate to High Extent**

Source: Field Survey (2026)

The descriptive analysis of hierarchical differentiation reveals a grand mean of 3.35 (SD = 1.16), indicating that hierarchical differentiation exists at a moderate to high extent among the selected financial institutions. The highest mean score was recorded for status differentiation (Mean = 3.58, SD = 1.14), reflecting pronounced distinctions between managerial and operational staff in titles, office accommodations, and ceremonial recognition. Authority centralization followed closely (Mean = 3.52, SD = 1.18), indicating significant concentration of decision-making power at branch manager and regional levels. Privilege stratification recorded the lowest mean (Mean = 3.02, SD = 1.25), suggesting moderate but present disparities in access to training, bonuses, and promotion opportunities.

Table 3: Detailed Descriptive Statistics for Hierarchical Differentiation Items

S/N	Item Statement	N	Mean	Std. Dev.	Remark
	Status Differentiation				
1	There are clear status distinctions between managers and operational staff	242	3.72	1.12	High Extent
2	Managerial staff enjoy privileges not available to operational staff	242	3.65	1.18	High Extent
3	Titles and positions are highly respected in my branch	242	3.58	1.15	High Extent
4	Junior staff are expected to show deference to senior staff	242	3.48	1.21	Moderate Extent
5	There is visible differentiation in office spaces and facilities	242	3.45	1.19	Moderate Extent
	Authority Centralization				
6	Major decisions are made by branch managers without staff input	242	3.68	1.22	High Extent

7	Operational staff have limited autonomy in resolving customer issues	242	3.55	1.24	Moderate Extent
8	Approval for routine transactions requires managerial sign-off	242	3.48	1.18	Moderate Extent
9	Strategic decisions emanate from regional/head office without local consultation	242	3.42	1.25	Moderate Extent
10	Staff suggestions for improvement are rarely implemented	242	3.48	1.28	Moderate Extent
	Vertical Communication				
11	Information flows primarily from management to staff	242	3.35	1.22	Moderate Extent
12	Staff feedback to management is discouraged	242	3.18	1.29	Moderate Extent
13	Branch managers rarely share information about organizational changes	242	3.28	1.24	Moderate Extent
14	Lower-level staff fear expressing disagreement with superiors	242	3.32	1.31	Moderate Extent
	Privilege Stratification				
15	Training opportunities are concentrated at managerial levels	242	3.08	1.28	Moderate Extent
16	Performance bonuses favor senior staff over operational staff	242	2.98	1.32	Moderate Extent
17	Promotion opportunities are limited for operational staff	242	3.05	1.29	Moderate Extent
18	Flexible work arrangements are available only to senior staff	242	2.95	1.35	Moderate Extent

Source: Field Survey (2026)

Descriptive Analysis of Employee Commitment

Table 4: Descriptive Statistics for Employee Commitment Dimensions

Dimension	N	Mean	Std. Dev.	Remark
Affective Commitment	242	2.72	1.24	Moderate Extent
Continuance Commitment	242	2.92	1.21	Moderate Extent
Normative Commitment	242	3.08	1.18	Moderate Extent
Grand Mean (Employee Commitment)	**242**	**2.91**	**1.19**	**Moderate Extent**

Source: Field Survey (2026)

The analysis of employee commitment dimensions reveals a grand mean of 2.91 (SD = 1.19), indicating a moderate extent of employee commitment. Normative commitment recorded the highest mean (3.08, SD = 1.18), suggesting that employees feel a sense of obligation to remain, possibly reflecting cultural values of loyalty and reciprocity. Affective commitment recorded the lowest mean (2.72, SD = 1.24), indicating limited emotional attachment to the organizations consistent with the high hierarchical differentiation scores that may restrict the quality of social exchanges generating emotional bonds.

Table 5: Detailed Descriptive Statistics for Employee Commitment Items

S/N	Item Statement	N	Mean	Std. Dev.	Remark
	Affective Commitment				
1	I feel a strong sense of belonging to my bank	242	2.68	1.28	Moderate Extent
2	I am proud to tell others I work for this bank	242	2.55	1.32	Low Extent
3	My bank's values align with my personal values	242	2.72	1.25	Moderate Extent
4	I feel emotionally attached to my bank	242	2.62	1.29	Moderate Extent
5	I would be happy to spend the rest of my career with this bank	242	2.82	1.31	Moderate Extent
6	I really feel that this bank's problems are my own	242	2.95	1.22	Moderate Extent
	Continuance Commitment				
7	Leaving this bank would require considerable personal sacrifice	242	2.88	1.28	Moderate Extent
8	My alternatives are limited if I left this bank	242	2.95	1.25	Moderate Extent
9	I have invested too much in this bank to leave now	242	2.85	1.31	Moderate Extent
10	It would be hard for me to leave this bank right now	242	3.02	1.22	Moderate Extent
11	I feel that I have too few options to consider leaving	242	2.92	1.29	Moderate Extent
	Normative Commitment				
12	I owe a great deal to this bank	242	3.15	1.18	Moderate Extent
13	I would feel guilty if I left this bank now	242	3.08	1.24	Moderate Extent
14	This bank deserves my loyalty	242	3.12	1.21	Moderate Extent
15	I would not leave this bank because of a sense of obligation	242	2.98	1.28	Moderate Extent
16	I was taught to believe in the value of remaining loyal to one organization	242	3.05	1.22	Moderate Extent

17	Jumping from bank to bank does not seem at all ethical to me	242	3.18	1.19	Moderate Extent

Source: Field Survey (2026)

Test of Hypothesis

Table 6: Model Summary for Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.468	0.219	0.216	1.052

Source: SPSS v26

The model summary reveals an R-value of 0.468, indicating a moderate negative correlation between hierarchical differentiation and employee commitment. The R-square value of 0.219 indicates that hierarchical differentiation explains 21.9% of the variance in employee commitment among staff of the selected financial institutions. The adjusted R-square of 0.216 confirms that the model maintains explanatory power after adjusting for the number of predictors.

Table 6: ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	62.452	1	62.452	56.387	0.000
Residual	222.548	240	0.927		
Total	285.000	241			

Source: SPSS v26

The ANOVA results show an F-statistic of 56.387 with a significance value of 0.000 ($p < 0.05$), indicating that the regression model is statistically significant. This confirms that hierarchical differentiation significantly predicts employee commitment.

Table 7: Coefficients for Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta		
(Constant)	4.528	0.198		22.869	0.000
Hierarchical Differentiation	-0.482	0.064	-0.468	7.508	0.000

Source: SPSS v26

The coefficients table reveals that hierarchical differentiation has a negative unstandardized coefficient (B = -0.482) with a standardized beta coefficient of -0.468. The t-value of 7.508 is significant at $p < 0.05$, confirming that hierarchical differentiation has a statistically significant negative influence on employee commitment. The regression equation can be expressed as:

Employee Commitment = 4.528 - 0.482(Hierarchical Differentiation)

Since the significance value (0.000) is less than 0.05, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). thus, hierarchical differentiation has a significant negative influence on employee commitment among staff of selected financial institutions in Edo Central Senatorial District, Edo State, Nigeria.

Summary of Findings

The findings reveal that hierarchical differentiation exists at a moderate to high extent (Mean = 3.35, SD = 1.16) among selected financial institutions in Edo Central Senatorial District, with status differentiation (Mean = 3.58) and authority centralization (Mean = 3.52) most prevalent consistent with Blau's (1964) proposition that organizational hierarchies create power gradients that shape exchange quality and Perreira *et al.*'s (2018) identification of hierarchical-organizational commitment orientations. Employee commitment registers at a moderate level (Grand Mean = 2.91, SD = 1.19), with normative commitment most developed (Mean = 3.08) and affective commitment least developed (Mean = 2.72), corroborating Meyer *et al.*'s (2002) meta-analytic finding that affective commitment is most sensitive to exchange quality and the IJR ISS (2025) study's identification of emotional commitment as a critical turnover inhibitor in Nigerian banking. Regression analysis confirms a significant negative relationship ($\beta = -0.468$, $p < 0.001$, $R^2 = 0.219$), supporting Blau's (1964) Social Exchange Theory proposition that exchange imbalances undermine reciprocity and Meyer and Allen's (1991) argument that structural barriers impede the development of emotional attachment. The demographic profile predominantly male (57.0%), operational staff (53.7% tellers and customer service officers), moderate tenure (36.8% with 4–6 years) suggests a workforce heavily exposed to hierarchical constraints yet with limited upward mobility. The GTCO-Zenith distribution (52.1% vs. 47.9%) indicates consistent hierarchical differentiation patterns across both institutions. The hierarchical differentiation-commitment disconnect, particularly the low affective commitment (Mean = 2.72) amid high status differentiation (Mean = 3.58), indicates that structural stratification impedes emotional bonding, aligning with Cropanzano and Mitchell's (2005) call for high-quality exchanges in generating commitment.

Conclusion

This study investigated hierarchical differentiation's influence on employee commitment among staff of GTCO Bank and Zenith Bank branches in Edo Central Senatorial District, Edo State, Nigeria. Three conclusions emerge. First, hierarchical differentiation is prevalent in Nigerian bank branches status differentiation (Mean = 3.58) and authority centralization (Mean = 3.52) dominate, consistent with Blau's (1964) characterization of organizational hierarchies as systems of exchange and power gradients and Perreira *et al.*'s (2018) identification of hierarchical-organizational orientations in commitment profiles. Second, employee commitment is multidimensional but unevenly developed: normative commitment dominates (Mean = 3.08) while affective commitment severely lags (Mean = 2.72), corroborating Meyer *et al.*'s (2002) meta-analytic finding that affective commitment is most sensitive to perceived organizational support and the Omoruyi, *et al.*, (2025) study's identification of emotional commitment as critical for retention in Nigerian banking. Third, and critically, hierarchical differentiation significantly and negatively influences employee commitment (β = -0.468, $p < 0.001$, $R^2 = 0.219$), validating Blau's (1964) Social Exchange Theory in Nigerian banking contexts and supporting Meyer and Allen's (1991) three-component model underscoring that vertical stratification impedes reciprocal exchanges, restricts perceived organizational support, and undermines the emotional attachment necessary for sustained commitment in financial institutions.

Recommendations

Based on the findings and conclusions of this study, the following recommendations are proposed:

1. Bank branch managers should flatten local hierarchies and implement participative decision-making mechanisms, building on existing normative commitment strengths to create systematic consultative systems that enhance affective commitment through improved exchange quality and perceived organizational support.
2. The Chartered Institute of Bankers of Nigeria and the Central Bank of Nigeria should develop standardized branch governance frameworks defining status, authority, communication, and privilege equity guidelines guiding hierarchical design and enabling commitment benchmarking across Nigerian banking branches.
3. Human resource consultants and banking industry associations should deliver capacity-building programs equipping branch managers with high-quality exchange practices, leader-member exchange development, and equitable reward administration tools, addressing the structural constraints that limit commitment-building in hierarchically differentiated banking contexts.

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