

IMPACT OF EMPLOYEE COMMITMENT ON ORGANIZATIONAL PERFORMANCE

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Abstract

Employee commitment always plays a very key role in improving the organizational performance and. The organizational performance can be measured through a lot of ways e.g company financial performance, employee turnover, return on equity etc. Employee commitment can be boosted through their involvement in assessment construction and providing them chance for better attentive the whole procedure of the organization performance measurement e.g employee commitment. On the bases of data which was collected from the three major cities of Pakistan (Lahore, Rawalpindi, Islamabad), it was acknowledged that organizational performance can be enhanced by involving employees in decision making that will ultimately increase their commitment in the organization.

Keywords: Employee Commitment, Organizational Performance

1. INTRODUCTION:

Today it becomes necessary for every organization to have full level of its employee commitment in order to have outstanding performance on long term basis. Currently employees act like entrepreneurs when they work in a team and every member of the team tries his level best to prove himself the best amongst all others. Those things increase their commitment level in the organization that ultimately increases the performance of the organization. In past organizations provide job security to its employees to improve their commitment level in the organization and to improve their productivity. Higher level of employee commitment in the organization for individual projects or to the business is assumed as a major reason for better organizational performance that leads to organizational success.

1.2 Review of the Literature and Hypothesis Development:

1.2.1 Employee Commitment:

The employee will be as considered when he will remain with the organization for long time period and desires to live in the same organization. Over the years, tremendous researches have been conducted to support that statement. At the end it was concluded that committed employees stay in the organization for long time period in contrast of those who are relatively less committed with the organization. Richard Steers (1977) found that more committed employees wish to terminate from the organization at minimum level. There will be higher intention of these employees, who are committed to their organization, to remain in the organization and they work hard in performing their tasks that will increase their positive attitude towards the organization and that thing will ultimately increase the productivity of the organization. This thing will result in higher organizational performance. Steers (1977) found that employee commitment is directly related with the company turnover. Also, Jeffrey Arthur (1994) concluded that organizational performance will be enhanced by higher level of employee commitment. Arthur also found productivity of the organization ultimately increased with the help of organizational commitment. Green, Felsted, Mayhew, and Pack (2000) had found that employee commitment decrease the probability of employees' tendency of leaving the job. Patrick Owens (2006) also found in his studies that committed employees lead to higher organizational performance and very low level of employee shift from the organization. Effective organizational commitment is always a result of the core behavior of the major employees along with their behavioral factors like turnover intention (Addae et al., 2006).

1.2.2 Organizational Performance:

Richard et al. (2009) defines organizational performance can be measured through three basic outcomes which are financial performance, product market performance and return to the shareholders. As Schneider, Hanges, Smith, and Salvaggio (2003) had found that micro-orientation on way to job attitude and performance relationship is somewhat puzzling, the interest of the employee attitudes had much of its motivation in the 1960s when organizational scientists such as Argyris (1964), Likert (1961), and McGregor (1960) purposed that the organizational performance is a result of the employee experience and commitment. Integrity has been explained as the best of the human state, the better the humans are committed to their tasks will lead to their better performance that results in better results (Comte-Sponville, 2001; Weiner, 1993; Chapman, & Galston, 1992; Dent, 1984; MacIntyre, 1984).

1.2.3 Schematic Diagram:

The schematic diagram of the above mentioned variables is given below:

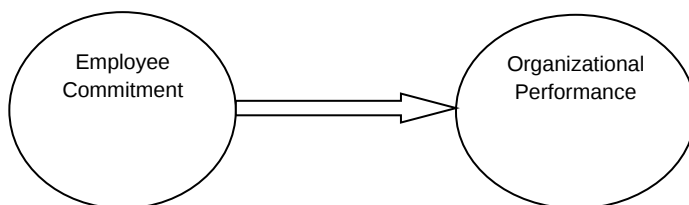


Fig 1: Effect of Employee Commitment on organizational Performance

1.2.3 Hypothesis:

H0: Organizational Performance can be enhanced through increasing Employee Commitment.

H1: Organizational Performance is not affected due to Employee Commitment.

2. RESEARCH DESIGN:

2.1 Research objectives:

The objective of the research is to find the relationship of organizational performance and employee commitment. Here, Employee commitment is an independent variable and organizational performance is dependent variable. The idea behind our research is to check the impact of employee commitment on organizational performance.

2.2 The Purpose of Research:

It is an exploratory research that can be appropriate for any kind of organization whether it is a public or private organization. The idea can be beneficial to all those organizations those have proper employee recognition and human resource management process in their working that will ultimately leads to employee commitment and at last leads to higher organizational performance.

2.3 Type of Investigation:

It is a causal type of investigation. We have basically tried to find the effect of employee commitment on organizational performance in an organization. The researcher interference is minimal in our study. That also has a great impression on the precision of the results.

2.4 Study Setting:

The research was directed in non-contrived study settings or in other words we can say that in a natural environment that shows the results is real case.

2.5 Unit of Analysis:

The study was organized in Lahore, Rawalpindi and Islamabad region. The main focus was on the registered organizations. Questionnaires were filled out from the individuals belonging to different public and private organizations.

2.6 Sampling Design:

Convenient sampling was used for data collection. Total 525 questionnaires were duly distributed and collected after completing from Lahore and Islamabad. Likert 5 point scale having two extreme ends.

2.7 Time Horizon:

It was a cross-sectional study; mainly the focus was on measuring the impact of employee commitment on organizational performance.

2.8 Data Collection:

Questionnaires are used to measure the employee commitment's impact on the organizational performance. The questionnaires are then analyzed through SPSS software.

3. SAMPLING:

In this research, data is collected from public and private sector employees from Lahore, Rawalpindi and Islamabad region. The total 525 respondents were approached for data collection. Out of these 525 respondents, 515 were answered correctly and 10 questionnaires were discarded. So total sample size of our research was 515

employees in public and private organizations. Among 515 respondents 311 were male and 204 were female employees related to Human Resources, Information Technology, Audit & Accountancy, Finance, Marketing, Procurement, Budgeting and Technical Departments.

4. DATA ANALYSIS:

The data was collected through questionnaires are then entered in Statistical Package for Social Sciences (SPSS). Following tools were used for analysis:

4.1 Descriptive Statistics:

Descriptive Statistics			
	Mean	Std. Deviation	N
EC1	2.29	.795	515
EC2	1.95	.829	515
EC3	2.29	.935	515
EC4	2.15	.873	515
EC5	2.13	.720	515
OP	11.0874	2.24001	515

4.2 Pearson Correlation:

The Pearson's correlation was applied. Following are the results of that:

Correlations

		EC1	EC2	EC3	EC4	EC5	OP
EC1	Pearson Correlation	1	.285**	.287**	-.012	.037	.464**
	Sig. (2-tailed)		.000	.000	.780	.402	.000

	Sum of Squares and Cross-products	325.041	96.707	109.755	-4.408	10.876	425.155
	Covariance	.632	.188	.214	-.009	.021	.827
	N	515	515	515	515	515	515
EC2	Pearson Correlation	.285**	1	.381**	.225**	-.181**	.564**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	Sum of Squares and Cross-products	96.707	353.584	151.759	83.932	-55.487	538.359
	Covariance	.188	.688	.295	.163	-.108	1.047
	N	515	515	515	515	515	515
EC3	Pearson Correlation	.287**	.381**	1	-.151**	.254**	.606**
	Sig. (2-tailed)	.000	.000		.001	.000	.000

	Sum of Squares and Cross-products	109.755	151.759	449.468	-63.553	87.746	652.068
	Covariance	.214	.295	.874	-.124	.171	1.269
	N	515	515	515	515	515	515
EC4	Pearson Correlation	-.012	.225**	-.151**	1	.109*	.379**
	Sig. (2-tailed)	.780	.000	.001		.013	.000
	Sum of Squares and Cross-products	-4.408	83.932	-63.553	392.078	35.243	381.447
	Covariance	-.009	.163	-.124	.763	.069	.742
	N	515	515	515	515	515	515
EC5	Pearson Correlation	.037	-.181**	.254**	.109*	1	.429**
	Sig. (2-tailed)	.402	.000	.000	.013		.000

	Sum of Squares and Cross-products	10.876	-55.487	87.746	35.243	266.283	355.146
	Covariance	.021	-.108	.171	.069	.518	.691
	N	515	515	515	515	515	515
OP	Pearson Correlation	.464**	.564**	.606**	.379**	.429**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	Sum of Squares and Cross-products	425.155	538.359	652.068	381.447	355.146	2.579E3
	Covariance	.827	1.047	1.269	.742	.691	5.018
	N	515	515	515	515	515	515

4.3 ANOVA:

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2074.830	5	414.966	418.885	.000 ^a
	Residual	504.238	509	.991		
	Total	2579.068	514			

a. Predictors: (Constant), EC5, EC1, EC4, EC3, EC2

b. Dependent Variable: OP

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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1	.897 ^a	.804	.803	.99531
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a. Predictors: (Constant), EC5, EC1, EC4, EC3, EC2

b. Dependent Variable: OP

4.4 Coefficient:

Coefficients					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	1.546	.222		6.960 .000
	EC1	.713	.059	.253	12.107 .000
	EC2	.938	.066	.347	14.127 .000
	EC3	.860	.059	.359	14.673 .000
	EC4	.820	.056	.320	14.718 .000
	EC5	1.108	.069	.356	16.048 .000

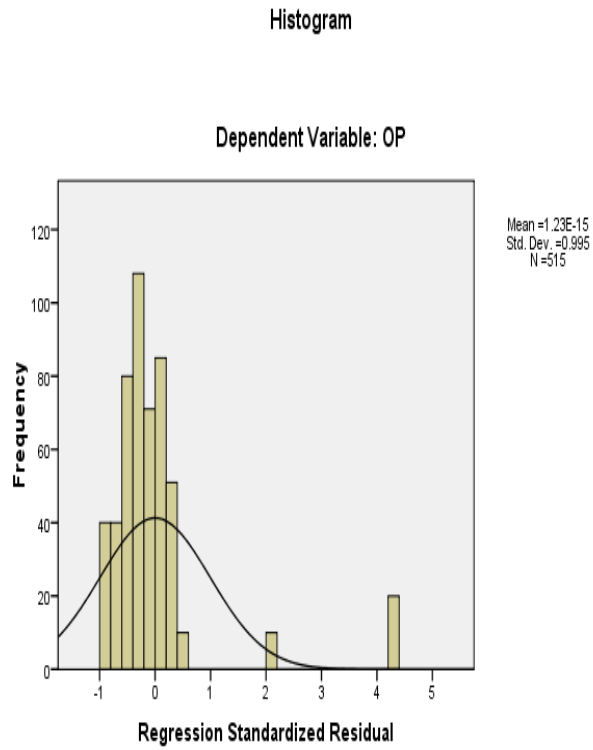
a. Dependent Variable: OP

4.5 Coefficient Correlations:

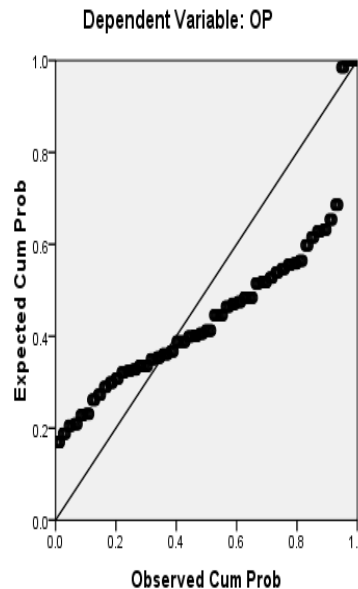
Coefficient Correlations							
Model			EC5	EC1	EC4	EC3	EC2
1	Correlations	EC5	1.000	-.034	-.278	-.405	.380
		EC1	-.034	1.000	.039	-.157	-.196
		EC4	-.278	.039	1.000	.334	-.381
		EC3	-.405	-.157	.334	1.000	-.473
		EC2	.380	-.196	-.381	-.473	1.000
	Covariances	EC5	.005	.000	-.001	-.002	.002
		EC1	.000	.003	.000	.000	.000
		EC4	-.001	.000	.003	.001	-.001
		EC3	-.002	.000	.001	.003	-.002
		EC2	.002	.000	-.001	-.002	.004

a. Dependent Variable: OP

4.6 Histogram:



Normal P-P Plot of Regression Standardized Residual



5. CONCLUSION:

In the table the effect of Employee commitment on organizational performance is measured. The table shows that there is a moderate level of interdependence between Organizational Performance and Employee Commitment. Here, F-value is 418.885 which is greater than zero or we can say that it is non-zero. Thus employee commitment has strong impact on organizational performance in an organization. So we will reject alternate hypothesis and accept null hypothesis.

6. LIMITATION OF THE RESEARCH:

In this research we have questionnaires for our data collection and only the impact of employee commitment on organizational performance was judged. Further study can also be done on the other factors that may have direct or indirect impact on organizational performance. We used cross sectional method in this research which means that research will conduct once a time. But we can also use Longitudinal Method for the better results by making comparison of previous research with the current research. It will more helpful for the researcher and the organizations to take better decisions for achievements of the strategic goals.

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