EMPLOYEE COMMITMENT VS EMPLOYEE PERFORMANCE EFFECTS OF EMPLOYEE SATISFACTION AS A MODERATING VARIABLE: A CORRELATIONAL STUDY FROM PAKISTAN

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Abstract

The intent of this study is to establish relationship between commitment and employee performance with employee satisfaction playing the role of moderating variable. Employee performance is taken as dependent variable measured with elements of employee attendance, financial strength and employee turnover, whereas employee commitment is employed as independent variable. Quantitative research techniques are used on data collected through close ended questionnaire from 300 individuals belonging to different public and private organizations relating to human resource, IT, audit and accounting, finance, marketing, procurement and budgeting and technical departments. Data is analyzed through SPSS applying one-sample t-test. Results showed that employee performance can be increased by taking employees in decision making which in return increase employee commitment.

Keywords: Employee Commitment, Employee Performance, Employee Satisfaction, Organizational Performance

1. INTRODUCTION

Taylor (1911) father of scientific management was one of the earliest contributors who had identified the factors that influence the performance of the employee during working and in overall scenario. He identified the concept of economic man which was meant that the income level or the reward system existed in the organization is the mainly the factor that may improve the performance of the employees. Further according to the research of (Jackson, Brett, Sessa, Cooper, Julin & Peyronnin, 1991), the organizations can increase their productivity by increasing the team works in the organization of male female mix. It is the role of managers to make the groups or teams according to
the human nature of the employees for achieving the best results (Jackson, Stone, & Alvarez, 1993). One of the benefits of group working is that if these groups are formed on equal basis and according to the will of the members of the groups, the group conflicts can be decreased and the their performance can be increased (Gilbert, 1989; Fox, Ben-Nahum & Yinon, 1989; Kirchmeyer, 1995; Jackson et al., 1991; O'Reilly, Caldwell and Barnett, 1989; Korsgaard & Morris, 1993). This benefit can only be achieved when the employees are more satisfied while working in teams of their similar attitudes (Jackson et al., 1991), and also the employees can be satisfied by the way of gender and by increasing the information available to the employees (Pfeffer, 1983; Cox, 1993).

2. LITERATURE REVIEW

2.1 Employee Commitment:

Mowday, Porter, & Steers (1982) in his work stated that organizational performance is dependent upon the organizational commitment. Voluntary turnover and different working behaviors' studies are playing a supporting role for employees' performance, organizational citizenship and absenteeism. According to research of (Mowday, et al., 1982) managerial perceptions of employee's commitment have not yet been taken into considerations irrespective of a lot of research in this area. All previous studies based employee mainly on the employee self-reports of commitment, whereas managers are also contributing towards the commitment of the employees (Shore & Wayne, 1993). These contributions are may also has an effect on the allocation of rewards on their behalf. The perseverance of this study was to prepare a solid method to judge the effectiveness of the employee commitment in the organization (O'Reilly & Chatman, 1986).

The focus of studying psychology of the organizations is to lower down the subjective assessment techniques in the organizations and to enhance correctness or these measures practically (Murphy & Cleveland, 1991). As a consequence, researchers have been focusing on the behavioral side of employee evaluation through job behavior aspects (Werner, 1994). A gap is found which is to focus on rewarding employees personal attributes such as employee commitment. Initially, mainly the focus is on the appraisal systems on the personal characteristics that then makes the measures beneficial in the organization (Werner, 1994). Then, there is recent research evidence those personal aspects like
temperament and employee performance is considered important (Werner, 1994; Borman, 1987; Borman, White, Pulakos, & Oppler, 1991). As a result, this became very significant in apprehending the check on the relationship between managerial perceptions and personal attributes of the employees.

People often judge others on different basis like gender, race, and profession (Bem & Allen, 1974). According to (Fiske & Taylor, 1984) it is better to enhance the structural development of the organization and then making them public for all the employees. Norman (1963) suggested that social psychology is resulted in the form of committed persons in the organizations. Persons evaluate each other based on the commitment level he has which is his distinct characteristic (Cantor and Mischel, 1979). Feldman's (1981) provides a frame-work by work on cognitive procedures for understanding how employee commitment can be used to develop the organizational assessments.

To understand the concept of employee commitment through organizational perceptions is to look at the related theory. A lot of different ways are there to define the organizational commitment in general (Morrow, 1983; Meyer & Allen, 1984; Mowday et al., 1982). Meyer & Allen (1984) indicated that employee investment in the organization may increase their commitment to the organization. Meyer & Allen (1984) also suggest another aspect of the organizational commitment that as a result of emotional attachment with the organization may also increase the commitment level of the employees. Two most famous measures of affective commitment are the Affective Commitment Scale (ACS) (Meyer & Allen, 1984) and the Organizational Commitment Questionnaire (OCQ) (Mowday et al., 1982). According to Meyer & Allen (1991), consistency of the employee services in any organization can be enhanced through both affective and continuance commitment which represents psychological states.

2.2 Employee Performance:

Taylor (1911) identified the concept of economic man which avowed that income level or the reward system existed in organization is the core factor that improves the performance of the employees. Various researchers had contributed in this concept like (Huselid, 1995, Pfeffer, 1994, Arthur, 1994). They all gave a boost in that literature to improve the employee performance. Theorists had identified
four major dynamics affecting the employee performance. These are job autonomy, organizational support, training and justice organization.

Job autonomy play significant role in enhancing the performance of the employee in organizations. Job autonomy creates a sense of responsibility among the employees of the organization (Colarelli, Dean, & Konstans, 1987). Research showed an increasing impact of job autonomy on the employee performance and the absence of job autonomy in the organizations creates problems like decrease in productivity, performance and increase in stress. The employee performance cannot be increased merely by increasing the focus on the authority, discipline and control in the organizations (Hart & Willower, 1994). Training given to the employees improves their performance by the way of development in their skill (Harel & Tzafrir, 1999). McEvoy (1997) concludes training of the employees can improve their commitment level, knowledge sharing and their honor to work in the organization. Burke and Day (1986) found that the managers' performance can also be amplified in the organization by the way of providing them training. The cost of training is basically the company's investment that provides benefit for a long time period. The reason for this is that the employee's morale increase and they become more committed while performing their tasks in the organization (Bartel, 1994). The organizational justice when applied in its true sense, it may affect the employee performance, their commitment level in the organization and also their level of efforts towards achievement of their goals (Folger & Cropanzano, 1998).

There are two different categories of justices that are presented by the scholars. These are: distributive justice and procedural justice (Folger & Cropanzano, 1998). How the returns of the organizations are distributed among the employees and among the owners of the organization is something which is related to distributive justice such as pay system, compensation system, performance evaluation and promotion of the employees on equal basis. When the employees feel that the organization is distributing its returns among the employees on fair basis, this means that there is organizational justice (Folger, 1977). The situation of inequity is a major cause of employee dissatisfaction, lack of commitment and ad negative performance (Brief, 1998).
2.3 Employee Satisfaction:
According to work of (Bielby and Baron, 1986) the workers can be more satisfied by the way of their job titles and sharing on the job. Literature indicates that the employee’s satisfaction is also reliant by way of exact composition of their gender groups and formation of work groups (Smith, 1992; O'Reilly et al., 1989; Tsui, Egan & O'Reilly, 1992). Job satisfaction among both male and female can be increased by the way gender composition of the groups (Konrad, Winter, Gutek, 1992). According to the studies of (Wharton & Baron, 1991) in case of homogenous groups, the employees can be more satisfied as compared to those groups of which are formed on equal basis of men and women. Tsui et al., (1992) indicated in his research that employees who work in groups can only be satisfied more if the number of men is more as compared by the women. The studies also showed working in groups make the employees more satisfied.

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

![Schematic Diagram](image)

Fig 1: The impact of employee commitment on employee performance keeping employee satisfaction as a moderating variable.

Hypothesis:

H1: Employee commitment has an effect on the employee performance.

H2: Employee satisfaction effect relationship of employee commitment and employee performance.
H3: Employee commitment, employee performance and employee satisfaction are independent.

3. RESEARCH DESIGN

The objective of the research is to find the relationship of employee performance and employee commitment, also keeping in mind the intervention of the employee satisfaction. Employee commitment is an independent variable, employee performance is dependent variable and employee satisfaction is an intervening variable. The results of this descriptive research 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 employee performance and where employees are more satisfied. The researcher has tried to find the effect of employee commitment on employee performance keeping employee satisfaction as intervening variable in an organization. The researcher interference was minimal in this study. The research was directed in non-contrived study settings; in a natural environment that shows the results is real case.

The study was organized in Lahore, Faisalabad 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.

Convenient sampling was used for data collection. Total 300 questionnaires were duly distributed and collected after completing from Lahore, Faisalabad and Islamabad. Likert 5 point scale was employed for data collection.

It was a cross-sectional study; mainly the focus was on measuring the relationship of employee commitment on employee performance keeping employee satisfaction as intervening variable. Total 300 respondents were approached for data collection. Out of these 300 respondents, 245 were answered correctly and 55 questionnaires were rejected. Total sample size of our research was 245 employees in public and private organizations. The respondents are those 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 and then entered in Statistical Package for Social Sciences (SPSS). Following tools were used for analysis:

4.1 One Sample T-Test:

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<th>T</th>
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<td>39.601</td>
<td>244</td>
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<td>2.731</td>
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<td><strong>Employee Satisfaction</strong></td>
<td>44.519</td>
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<td>.000</td>
<td>3.241</td>
<td>3.10 to 3.38</td>
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<td><strong>Employee Performance</strong></td>
<td>34.669</td>
<td>244</td>
<td>.000</td>
<td>2.857</td>
<td>2.69 to 3.02</td>
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4.1.1 Employee Commitment:

T-value of employee commitment is 39.601 with P-value of .000 which shows that employees support commitment as one of the major independent variables without which employee’s performance is not possible. For consistent and sustainable achievement of the employee performance, employee commitment needed to be increased so that employee could develop a competitive edge over other employees of the varied organization.

4.1.2 Employee Satisfaction:

Value of employee satisfaction is 44.519 with P-value of .000 which shows that there is clearly defined role of employee satisfaction present in the minds of employee. Employee’s performance is not possible without employee’s satisfaction in current milieu. Employee’s performance is studied with the following predisposition i.e. sense of ownership, skill development, training of the employees, knowledge sharing, honor to work and job autonomy.
4.1.3 Employee Performance:

T- Value of employee performance 34.669 with P value of .000 which shows that employees have also favored the dependent variable of employee satisfaction and employee’s commitment. The enhance employee commitment following elements play a vital role i.e. Rewarding employees, appraisal systems on the personal characteristics, managerial perceptions and personal attributes, employee investment by organization, emotional attachment with organization and consistency of the employee services complements the process of employee performance.

(See appendix “A” for more detail)

5. CONCLUSION

In this endeavor the effect of employee commitment on employee performance is measured having employee satisfaction level as intervening variable. Employee commitment was measured by factors such as organizational citizenship and absenteeism, the employee self-reports and allocation of rewards. Employee performance is discussed by studying rewarding employee’s personal attributes, rewarding employees, appraisal systems on the personal characteristics, managerial perceptions and personal attributes, employee investment by organization, emotional attachment with organization and consistency of the employee services complements. The results showed that there is a moderate level of interdependence between employee performance and employee commitment having employee satisfaction level. Here, F-value is greater than zero or we can say that it is non-zero. Thus employee commitment has strong impact on employee performance in an organization.

6. LIMITATION OF THE RESEARCH

In this research we used questionnaires for our data collection and only the relationship of employee commitment on employee performance keeping employee satisfaction level was judged. Further study can also be done on the other factors that may have direct or indirect impact on employee 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.
REFERENCES


**APPENDIX A**

<table>
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<th>ANOVA</th>
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93
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