THE IMPACT OF EMPLOYEE COMMITMENT ON EMPLOYEE SATISFACTION ROLE OF EMPLOYEE PERFORMANCE AS A MODERATING VARIABLE

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ABSTRACT

Role of employee commitment is always been accepted as an active catalyst for improving organizational satisfaction. In this research employee satisfaction is taken as dependent variable and employee commitment is employed as independent variable, whereas employee performance is used as moderating variable. Sample for this study is selected from employees working in various private and public organizations of major cities of Lahore, Faisalabad and Karachi. Data is collected through close-ended questionnaire and statistically analyzed through SPSS by applying descriptive statistics and t-test, results revealed that there is a moderate level of interdependence between these variables. So we will reject alternate hypothesis and accept null hypothesis.

Keywords: Employee Commitment, Employee Performance, Employee Satisfaction
LITERATURE VIEW

Employee Satisfaction:
Past studies depict bidirectional relationship between employee satisfaction and job performance while recent studies give more insight of unidirectional relationship that employee satisfaction leads to job performance but weak relationship exists when job satisfaction was analyzed as a result of job performance (Fried, Shirom, Gilboa, & Cooper, 2008). Choo & Bowley (2007) asserted that employee satisfaction and job performance are directly related and that job satisfaction is the result of job performance. Performance dimensions e.g. task and contextual performance were found to be weakly associated with employee satisfaction and factors of job descriptive index (JDI) were more affected by employee satisfaction level (Shaikh, Bhutto, & Maitlo, 2012). Hong & Waheed (2011) investigated the link between motivation, employee satisfaction and job performance and found that motivation increases employee satisfaction which leads to increase in job performance. Khan, Nawaz, Aleem, & Hamed, (2012) explored the impact of employee satisfaction on job performance and found that employee performance is considered to be the result of job satisfaction. Employee performance is measured by various factors like absenteeism, turnover, productivity and employee satisfaction (Gibson, 1990). Performance management system also focuses on employee satisfaction (Tinofirei, 2011). Works of Kirkman & Rosen (1999) and Stewart (2000) showed that workers’ autonomy has positive relationship with employee satisfaction and job performance.

Employee Performance:
Performance is defined as the attained outcome of actions with the skills of employees who perform in some situation (Prasetya & Kato, 2011). According to (Suhartini, 1995), employee performance is a mutual result of effort, ability, and perception of tasks. Good performance is step towards the achievement of organizational aims. Hence more struggle is required to improve the organizational performance. Dharma (1991) said that performance is something that is done, or products formed and offered by a group of people. Swasto (1996) said that employee performance is the actions or the completion of errands that were done by individuals within specific period of time. Employee proficiency is usually supervised by using formal procedures such as: manager rating, evaluation with
organizational objectives and peers assessment to make sure that employees are working for the development of the company.

According to Cummings and Schwab (1973), employer must prioritize the organizational objectives over his personal objectives. Bass & Avolio (1997) said that the individual and organizational performance is greatly affected by the efficient participation of leadership. Organizational success depends on active utilization of human resources. Employees are the assets of an organization. At another place Wall, Solam and Sobal; and Maritz (1995) remarks that valued organizations need efficient leaders.

According to Fiedler and House (1988); Maritz (1995), successful leadership helps in accomplishment of employees’ need which results in active performance. Kotler (1988) claims that growing significance of leadership in organizations is due to changes in business environment such as change in competitive forces and the desire for more involvement of total workforce. Cummings and Schwab (1973), claims that leadership is the most significant factor for judging the employee performance.

According to Maritz (1995) and Bass and Avolio (1997) leadership is the most significant factor for examining the employee performance. For an organization to be outstanding, it need to have an outstanding leadership and provides as a model for growing organizations. Jones and George (2000) notes that leaders are efficient when they influence their subordinates by effectively achieving the organizational objectives. According to Bass and Avolio (1997) leadership is the most important aspect for determining the organizational performance.

Compensation is the major element that affects the employee performance. If employees are satisfied that organization is offering a good compensation then their motivation level is enhanced and as a result their performance to work also increases. Robbins (2001) said when employees feel happy about their compensation they are more motivated towards their work and the performance of the company also boosts.

Cameron and Pierce (1996) said that all organizations use pay, promotion and benefits to give confidence to better performing employees. Management of the organization often anticipates
depending on the power and responsibility of such employees and these expectations are different from organization to organization. According to Shahzad, Bashir and Ramay, (2008) there is a direct link between employee performance and compensation practices.

Human resource management is considered the backbone of all businesses. To improve the performance, organizations are trying to improve the performance of human capital. Many researchers are trying to describe the relationship between organizational performance and the performance of employees. According to Cohen & Single (2001) there is lot of pressure on the management of the organization to turn into a friendlier one. Grover and Crooker (1995); and Scandura and Lankau (1997) have found that the sense of employees' obligation to organization become more positive when flexible time scheduling is being adopted by the organization.

Brandt, Krawczyk & Kalinowski (2008) examined that there exist a disagreement among personal life and employees' performance. According to Ali and Baloch (1999) commitment affect the personal life of employees which results in low performance of employees. Aminah (2008) said that work and family conflict is inversely linked to employees' performance. It is examined that work and family conflict decreases employee satisfaction, increases employees stress and decreases performance.

A lot of research has taken place which holds that inverse relation exists between conflict and performance level of employees. Hence it is assumed that there is negative relation between conflict and performance level of employees in Pakistan.

**Employee Commitment:**

It is necessary for every organization to have full level of its employee commitment in order to have outstanding performance on long term basis. Mowday, Porter, & Steers (1982). Currently employees act like entrepreneurs when they work in a team and every member of the team tries his level best to prove one the best amongst all others (Mowday et al., 1982). Increase in commitment level of employees in organization ultimately increases the performance of their employees. In past organizations provide job security to its employees to improve their commitment level in the organization and to improve their productivity (Abelson, 1976). Higher level of employee commitment
in the organization for individual projects or to the business is assumed as a major reason for better employee performance that leads to organizational success. The employee performance can also be increased when the employees are more satisfied with their job and duties as well. Their satisfaction may depend on the rewards system, the organizational culture and employee knowledge sharing (Mowday et al., 1982).

Continuous research on employee commitment and its effect on employees’ efficiency and organizational performance are being done since four decades. (Becker, 1960). In Pakistan, the enduring commitment to organization is traditional because here many people do not choose job as a profession or more properly a life-long profession. Meyer and Allen (1991) classify employee commitment into three groups namely: (a) Affective Commitment; (b) Continuance Commitment; and (c) Normative Commitment. Employees who have a strong affective commitment continue to do work with the organization because they want to do so. Employees with continuance commitment remain with the organization because they need to do so. Employees with a high level of normative commitment stay with the organization because they think they ought to remain it. Many studies have proved that affective commitment is positively connected with employee commitment. (Whitener & Walz, 1993; Somers, 1995; Jaros 1997).

Where there is a high level of employee commitment, there will be low turnover and that employee will perform better with less absenteeism (Price & Mueller, 1981). There are certain things that really affect employee commitment like: work load, less acknowledgement and less compensation. Dorgan (1994) defines commitment as the enhanced functional and operational performance, including quality as the main principal.

THEORETICAL FRAMEWORK

Fig 1: Effect of employee commitment on employee satisfaction keeping employee performance as moderating variable

Hypothesis:

\( H_1 \): Employee satisfaction can be enhanced through increasing employee commitment.

\( H_2 \): Employee performance does affect the relationship of the employee commitment and employee satisfaction.

\( H_3 \): Employee performance has a moderating effect in the relationship of the employee commitment and employee satisfaction.

RESEARCH DESIGN

Research Objectives:
The objective of the research is to find the relationship of employee satisfaction and employee commitment keeping employee performance as moderating variable. Here, employee commitment is an independent variable, employee performance is a moderating variable and employee satisfaction is a dependent variable. The idea behind our research is to check the impact of employee commitment on employee satisfaction keeping employee performance as moderating variable.

The Purpose of Research:
It is a descriptive 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.

**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.

**Unit of Analysis:**
The study was organized in Lahore, Faisalabad and Karachi region. The main focus was on the registered organizations. Questionnaires were filled out from the individuals belonging to different public and private organizations.

**Sampling Design:**
Convenient sampling was used for data collection. Total 300 questionnaires were duly distributed and collected after completing from Lahore, Faisalabad and Karachi.

**Time Horizon:**
It was a cross-sectional study; mainly the focus was on measuring the impact of employee commitment on employee's satisfaction keeping employee performance as moderating variable.

**Data Collection:**
Questionnaires are used to measure the employee commitment on employee satisfaction keeping employee performance as moderating variable. The questionnaires are then analyzed through SPSS software.

**SAMPLING**
In this research, data is collected from public and private sector employees from Lahore, Faisalabad and Karachi. The total 300 respondents were approached for data collection. Out of these 300 respondents, 275 were answered correctly and 25 questionnaires were discarded. Total sample size of our research was 275 employees working in public and private organizations. Among 275 respondents 170 were male and 105 were female employees related to Human Resources, Information
Technology, Audit & Accountancy, Finance, Marketing, Procurement, Budgeting and Technical Departments.

DATA ANALYSIS

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

<table>
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<th>Descriptive Statistics</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
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<tbody>
<tr>
<td>Employee commitment</td>
<td>3.33</td>
<td>1.044</td>
<td>275</td>
</tr>
<tr>
<td>Employee performance</td>
<td>2.76</td>
<td>.990</td>
<td>275</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>2.89</td>
<td>.817</td>
<td>275</td>
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<table>
<thead>
<tr>
<th>T-Test</th>
<th>Mean</th>
<th>95% Confidence Interval</th>
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<tr>
<td></td>
<td>df</td>
<td>Lower</td>
</tr>
<tr>
<td>Employee Commitment</td>
<td>52.860</td>
<td>.000</td>
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<tr>
<td>Employee Performance</td>
<td>46.160</td>
<td>.000</td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>58.705</td>
<td>.000</td>
</tr>
</tbody>
</table>

- T- Value of employee commitment is 52.860 with P value of .000 which shows that the respondents have agreed with the literature that employee satisfaction is one of the most important variables in lieu of employee satisfaction. Strong faith, recognition of goals, active
participation and norms of the organization affects the organizational growth are ingredients of high level commitment in employee’s

- T- Value of employee’s performance is 46.160 with P value of .000 which depicts that employee performance as one of major intervening variable without which employee’s satisfaction could not be possible. The employee performance is measures with the elements of effort from employees, ability, and perception of tasks, skills of employees, worker attitudes that add to attaining organization’s objectives.

- T-Value of employee satisfaction is 58.706 with P value of .000 which shows that there is clearly positive perception of employee satisfaction, which is not possible without the elements of motivation, skill development and exact composition of their gender groups by the way of forming their work groups.

LIMITATION OF THE RESEARCH

This research is conducted through a close ended questionnaire. Data collected was then used to find impact of employee commitment on employee satisfaction having employee performance as moderating variable was judged. Further study could also be conducted by taking employee satisfaction as moderating variable and employee performance as dependent variable. In this study sample is taken from three cities whereas more respondents could be included for research to get the results more accurate and generalized. Quantitative research methods are used further research could be conducted by employing qualitative techniques and interviewing the respondents.
REFERENCES


