

# Impact of Organizational Commitment and Employee Performance on the Employee Satisfaction

**Naveed Ahmad**

Faculty of Management Sciences,  
Indus International Institute, D. G. Khan,  
Pakistan

**Nadeem Iqbal, Komal Javed**

Faculty of Management Sciences,  
Baha Uddin Zakariya University Multan,  
Pakistan

**Naqvi Hamad**

PhD Statistics Govt. Postgraduate College, D. G. Khan,  
Pakistan

**Abstract.** The purpose of this study is to investigate the impact of Organizational Commitment and Employee Performance on Employee Satisfaction. Author used statistical population of Banking Sector which covers 110 employees of 10 banks and data was collected through a self administrative questionnaire. Correlation coefficient, Regression analysis and "ANOVA were tested for the data analysis. There are two independent variables 1) Organizational commitment 2) Employee performance whereas Employee satisfaction is taken as dependent variable. Results showed Positive relationship between Organizational commitment and employee satisfaction and similarly Employee Performance has Positive relationship with employee satisfaction.

**Keywords:** employee satisfaction; organizational commitment; employee performance

## **Introduction**

Modern era of globalization brought many opportunities along with different challenges for corporations. In today's world, organizations are competing "globally". Globalization has shaped many opportunities as well as challenges for global and local firms. Cost of manufacturing is rising gradually due to many worldwide factors as economic depression, increase of fuel prices and limitation of resources. This increase in prices is pushing corporations to adopt those ways through which cost can be minimized to survive in competitive environment.

Organizational growth requires more workforce and new hiring but satisfied and committed workers are true assets of an organization.

The idea of employee satisfaction has been a center of study for two decades (Greasley, et. al., 2005) and is regarded as a serious issue for managerial performance. Different academicians and organizational “gurus” stressed the importance of employee satisfaction. Theorists have common consent that employee satisfaction is as essential as customer satisfaction (Chen, et. al., 2006). Different theorists have defined employee satisfaction differently. Rousseau (1978) recognized three factors of the employee satisfaction: 1) individuality of organization 2) work task factors 3) personal character. Establishment which raises high employee’s job satisfaction is also further proficient of retaining and fascinating the employees through skills which they needed (Mosadegh Rad & Yarmohammadian, 2006).

#### **A. Objectives**

- 1) To explore the impact of Organizational commitment on employee satisfaction.
- 2) To investigate the impact of employee performances on employee satisfaction.

#### **B. Research questions**

Based on research objectives there are two research questions:

- 1) What is the relationship between organizational commitments and employee satisfaction?
- 2) What is the relationship between employee performances and employee satisfaction?

It is also obvious from existing literature that employee satisfaction is very important for organizations and similarly the relation between employee positive attitude and Human Resource practices is also verified by different researchers (Edgar and Geare, 2005). This research study provides more strength to existing literature by explaining the importance of employee satisfaction and commitment for organizational performance.

### **Literature Review**

#### **A. Employee Job Satisfaction**

According to Janssen, (2001) job satisfaction means how an employee of an organization feels about work. These feelings may be positive or negative, more positive feelings mean employee’s level of job satisfaction is high. In other words positive emotions of an employee towards workplace also describe job satisfaction. Locke, (1976) identified that there is a positive relationship between job characteristics and the need of individuals. There is also common consent among researchers that Maslow theory of needs also explains this relationship between job characteristics and individual needs. Luthans (1998) indicated that job satisfaction has three dimensions 1) job satisfaction relates to emotional response of an employee to a job situation 2) job satisfaction can be measured by

estimating how well outcomes meet expectations 3) job satisfaction can be determined through several job related attitudes.

Choo & Bowley (2007) indicated that satisfaction and employee performance are interconnected with each other and satisfaction is the resultant of job performance. Khan, Nawaz, Aleem, & Hamed, (2012) investigated job satisfaction of employees and performance and established the fact that job satisfaction provides input for better performance to employees. The structure of performance management also emphasizes on employee job satisfaction (Tinofirei, 2011). Job satisfaction is to create positive emotion among employees about their occupation Robbin and Judge (2008). Greater job satisfaction creates more positive emotions in the mind of employees about their job. Luthans (2006) indicated that job satisfaction creates positive emotional feelings that results from work evaluation. Nasaradin (2001) specified that the job satisfaction might be an enjoyable or the positive emotional state which is resultant from review of one's job or his or her job experience.

### **B. Employee Job Performance**

Performance is described as the attained result of skilled workers in some specific situations (Prasetya & Kato, 2011). Dharma (1991) thought that the performance is somewhat that is prepared, or products shaped and offered by a cluster of people. Robbins (2001), indicated that when employee feels happy about work related tasks then his performance is increased and he/she performs tasks in better way. Brandt, Krawczyk & Kalinowski (2008) said that there is a disagreement between employee personal life and performance. Prawirosentoso (2000) Explored that performance is outcome of work in an efficient way with considerable obligation for organization without interrupting any law and organizational goals Mangkunegara (2005) says that performance of employee is the work consequence in excellence and the quantity that accomplished by somebody in directing his/her job obligations.

### **C. Organizational Commitment**

Employee's affiliation with organization is regarded as organizational commitment. Generally there are three dimensions of organizational commitment 1) continuance commitment 2) normative commitment 3) affective commitment (Allen and Meyer, 1996; Karrassch, 2003; Turner and Chelladurai, 2005; Greenberg, 2005; Boehman, 2006; Canipe, 2006). Meyer & Allen (1997) indicated that these types are independent and are demonstrated by different individuals at different levels of management in organizations. Similarly, porter (1974) explained that organizational commitment is the extent to which employees accept the goals and values of organization and are desirous to remain in the organization. Committed personnel of an organization demonstrate positive intentions to serve their organization and they think very less about quitting the organization. (Hunt and Morgan, 1994; Robbins and Coulter, 2003; Mowday, Steers, & Porter, 1982). According to Buchanan (1974) organizational commitment is defined as the emotional commitment to achieve the organizational objectives. Organizational commitment is "the aggregate

internalized normative demands to perform in a manner which meets organizational objectives and interests" (Wiener, 1982).

Kitchard and Strawser (2001) proposed that satisfied employees develop high affective commitment for their firm. Marthis and Jackson (2000) defined employee commitment as the extent to which employees stay with organizations and considers about organizational objectives seriously. Luthans (2006), explored organizational commitment as the desire to be a member of an organization and not to complain about their organization. Organizational commitment is clear as the measure of authority of employee empathy by the objectives and morale of organization and remains involved in it, organization commitment as well be an improved indicator for employees who wish to stay at work or want to change (Mc Neese-Smith, 1996).

#### **D. Hypothesis**

H1: There is significant positive relationship between Organizational commitment and employee satisfaction.

H2: There is significant positive relationship between Employee performance and employee satisfaction.

#### **Methodology**

Author used simple random sampling process in different banks of Pakistan to show the impact of Organizational commitment and employee performance on employee satisfaction which is also supportive for other countries to inspect the impact of Organizational commitment and their employee's performance in their regions. In this research study 110 respondents are selected randomly from the employees of 10 different banks of Pakistan as sample population. To examine the numerical propositions SPSS is used for evaluation. The provisions of validity of the is accepted beyond the beliefs. The reliability of the paper is accomplished over the 110 employees of 10 different banks of Pakistan as sample.

#### **Findings**

The findings of this research are explained according to the SPSS results:

#### **Hypotheses1:**

Results of correlation analysis supported that a positive relationship exists between organizational and employee job satisfaction. The value of  $r = .403^{**}$  that is positive and indicates positive relationship among these two variables. Similarly, regression analysis showed that significant relationship exists between dependent variable and independent. As we may observe from regression analysis table that the value of  $\beta = 0.939$  that is positive and  $t$  value is  $= 7.681$  that is above average level 2 and is sufficient to show relative importance. Similarly,  $P$  value is  $= 0.000$  that is less than 0.05 and is significant. So it is evident from the results that null hypothesis is rejected and alternate hypotheses is accepted. So H1 is found to be true.

	Mean	Std. Deviation	N
Commitment	4.6078	.35123	110
Satisfaction	4.5636	.55475	110
Performance	4.6260	.71047	110

		Commitment	Satisfaction	Performance
Commitment	Pearson Correlation	1	.594**	.403**
	Sig. (2-tailed)		.000	.000
	N	110	110	110
Satisfaction	Pearson Correlation	.594**	1	.340**
	Sig. (2-tailed)	.000		.000
	N	110	110	110
Performance	Pearson Correlation	.403**	.340**	1
	Sig. (2-tailed)	.000	.000	
	N	110	110	110

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.594 <sup>a</sup>	.353	.347	.44819

a. Predictors: (Constant), Commitment

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.238	.565		.421	.674
	Commitment	.939	.122	.594	7.681	.000

a. Dependent Variable: Satisfaction

### Hypotheses2:

Correlation between employee performance and employee satisfaction is also positive as the result of  $r=.340^{**}$  that is positive and shows positive relation. Similarly unstandardized regression weight is also positive and explores that a positive relation is caused by independent variable in dependent variable. The value of beta =0.266 and t value is = 3.761 that is significant. The value of  $p=0.000$  that is significant. So these results are providing sufficient ground to accept hypothesis 2. So the null hypotheses is rejected and alternate hypotheses is accepted.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.340 <sup>a</sup>	.116	.108	.52406

a. Predictors: (Constant), Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.884	1	3.884	14.142	.000 <sup>a</sup>
	Residual	29.660	108	.275		
	Total	33.544	109			

a. Predictors: (Constant), Performance  
b. Dependent Variable: Satisfaction

Table 7: Results of Regression analysis						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.335	.331		10.086	.000
	Performance	.266	.071	.340	3.761	.000
a. Dependent Variable: Satisfaction						

### Conclusions

There is no second opinion about the fact that organizational commitment and employee performance play a pivotal role for employee satisfaction. At present era of globalization the cost of manufacturing is rising due to many factors so organizations should try to recover that cost through employee retention. Because hiring new employee requires cost of hiring and training so if employee of some organization stays for longer period of time then organization may compete in better way. The tradition of Pakistan is relationship-oriented as well as collectivistic relatively than an achievement-oriented individualistic culture. Managers of organizations should consider these factors of employee satisfaction in policy making and as tool of competition. Because if the level of satisfaction of employee is high than the organizational performance would be better. The findings of this research study are important for service sector because in service sector, staff of organization is very important for growth of organization. Although study focused banking sector but its finding may be generalized to other service sectors and in manufacturing sector.

### References

- Allen, N. J., & Meyer, J. P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of occupational psychology*, 63(1), 1-18.
- Blanchard, K. H., Zigarmi, P., Zigarmi, D., & Blanchard, K. (1985). *Leadership and the one minute manager: Increasing effectiveness through situational leadership*: Morrow New York.
- Boehman. (2006). *Affective, Continuance, and Normative Commitment among Student Affairs Professionals*. Unpublished Doctoral Dissertation. North Carolina State University, Raleigh, NC.
- Canipe. (2006). *Relationships among Trust, Organizational Commitment, Perceived Organizational Support, and Turnover Intentions*. Unpublished Doctoral Dissertation.
- Chen, S.-H., Yang, C.-C., Shiau, J.-Y., & Wang, H.-H. (2006). The development of an employee satisfaction model for higher education. *The TQM Magazine*, 18(5), 484-500.

- Choo, S., & Bowley, C. (2007). Using training and development to affect job satisfaction within franchising. *Journal of Small Business and Enterprise Development*, 14(2), 339-352.
- Greasley, K., Bryman, A., Dainty, A., Price, A., Soetanto, R., & King, N. (2005). Employee perceptions of empowerment. *Employee relations*, 27(4), 354-368.
- Greenberg, J. (2005). *Managing Behavior in Organizations* (4th ed ed.). Englewood: Prentice-Hall
- Hunt, S. D., & Morgan, R. M. (1994). Organizational commitment: one of many commitments or key mediating construct? *Academy of Management Journal*, 37(6), 1568-1587.
- Janssen, O. (2001). Fairness perceptions as a moderator in the curvilinear relationships between job demands, and job performance and job satisfaction. *Academy of management journal*, 44(5), 1039-1050.
- Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction-job performance relationship: A qualitative and quantitative review. *Psychological bulletin*, 127(3), 376.
- Ketchand, A. A., & Strawser, J. R. (2001). Multiple dimensions of organizational commitment: Implications for future accounting research. *Behavioral Research in Accounting*, 13(1), 221-251.
- Locke, E. A. (1976). The Nature and Causes of Job Satisfaction1.
- Luthans, & Fred. (2006). *Organizational Behavior* (Indonesian Edition ed.): Andi Publisher.
- Marthis, R.I., & ., J. J. H. (2000). *Human Resources management*. New Jersey: Prentice Hall.
- McNeese-Smith, D. (1995). Increasing employee productivity, job satisfaction, and organizational commitment. *Hospital & Health Services Administration*, 41(2), 160-175.
- Mowday, R. Porter, I. W., & Steers, RM (1982). Employee-Organizational Linkages: The Psychology of Commitment, Absenteeism and Turnover: Academic Press: New York.
- Nasarudin. (2001). *Job Satisfaction and Organization Commitment among Malaysian Workforce*. Paper presented at the Proceeding of 5 Asian Academic of Management Conference, Klatang Pahang
- Porter, L. W., Steers, R. M., Mowday, R. T., & Boulian, P. V. (1974). Organizational commitment, job satisfaction, and turnover among psychiatric technicians. *Journal of applied psychology*, 59(5), 603.
- Prasetya, A., & Kato, M. (2011). *The effect of financial and non financial compensation to the employee performance*. Paper presented at the The 2nd International Research Symposium in Service Management.
- Rad, A. M. M., & Yarmohammadian, M. H. (2006). A study of relationship between managers' leadership style and employees' job satisfaction. *Leadership in Health Services*, 19(2), 11-28.
- Robbins , & Coulter. ((2003)). *Management''* (7th ed. ed.): Prentice-Hall, Englewood Cliffs, NJ
- Robbins, S. P. (2001). *Organizational Behavior*. New Jersey: Pearson Education International.
- Robbins, S. P. (2001). *Organizational Behavior*, 14/e: Pearson Education India.



- Rousseau, D. M. (1978). Characteristics of departments, positions, and individuals: Contexts for attitudes and behavior. *Administrative Science Quarterly*, 521-540.
- Scandura, T. A., & Lankau, M. (1997). Relationships of gender, family responsibility and flexible work hours to organizational commitment and job satisfaction. *Journal of Organizational Behavior*, 18(4), 377-391.
- Turner, B. A., & Chelladurai, P. (2005). Organizational and Occupational Commitment, Intention to Leave, and Perceived Performance of Intercollegiate Coaches. *Journal of Sport Management*, 19(2).
- Wiener, Y. (1982). Commitment in organizations: A normative view. *Academy of management review*, 7(3), 418-428.