



# OUTCOME OF EMPLOYEE COMMITMENT ON ORGANISATIONAL PERFORMANCE

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## **Abstract**

Employee commitment is a potential factor for Organisational performance, so the organisations use different tools to stay competitive and improve the performance of the employees. The study focused on measuring the employee commitment and performance based on the factors like Motivation, Compensation, Leadership, Training and Development, Communication which influences the Employee commitment. The need for the present research is to analyse the effect of employee commitment on the job performance of employees in IT companies. This paper includes both the primary and secondary data; research findings have been framed by results retrieved from the data analysis using appropriate statistical tools viz: frequency distribution, Analysis of Variance (ANOVA), Karl Pearson's coefficient of correlation.

**Key Words** *Employee Commitment, Motivation, Compensation, Leadership, Training and Development, Communication.*

## **Introduction**

Employees who have an appropriate level of Employee Commitment can have excellent job performance; it helps to increase the efficiency and productivity of the organisation. Employee commitment is seen as an essential predictor of employee performance of an organisation. Committed employees bring added value to the organisation, including through their determination, proactive support, relatively high productivity and an awareness of quality. The organisation should recruit the right person for the right job because Engaged employees are challenged positively, allowed to have some autonomy, feel valued and respected. So it creates a direct link to performance and by providing more commitment, satisfaction, and motivation for the employees leads to overall performance. Commitment is the bond employees experience with their organisation. Generally speaking, employees who are committed to their organisation usually feel a connection with their organisation, feel that they fit in and, feel they understand the goals of the organisation. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support.

### Three Types of Employee Commitment

In a model of commitment developed by Meyer and Allen (1987), there are three approaches respectively as explained as follows:

#### Affective commitment

Affective commitment relates to how many employees want to stay at their organisation. They typically identify the organisational goals, feel that they fit into the organisation and are satisfied with their work and feel valued, act as ambassadors for their organisation and are significant assets for organisations.

#### Normative commitment

Normative commitment relates to how much employees sense that they should stay at their organisation. Employees feel a sense of guilt about the possibility of leaving they create a void in knowledge/skills and increase the pressure on their colleagues. It develops negative feelings among employees and influences the working condition and performance in the organisation.

#### Continuance commitment

Continuance commitment relates to how much employees feel the need to stay in their organisation, but the main reason is lack of work alternatives and remuneration. These kinds of employees are dissatisfied with their work and unwilling to leave the organisation.

### Review of Literature

**Sayed Mohsen Allameh, Ali Shami Barzoki et al. (2014)** has examined the effect of employee engagement on job performance; it reveals that performance has a positive impact towards employee engagement and make employees to work enthusiastically and also develops career interest, it is related to both task and contextual performance of employees. **Abdulwahab S. Bin Shmailan (2016)** revealed the roles of the organisation and employee satisfaction. Employees who are having high satisfaction and high performance, it's a great advantage for profitability and contribute to organisational success.

**Paluku Kazimoto (2016)** has investigated the factors of employee engagement and performance. The level of performance must be increased only when Employees are committed and satisfied. It is responsible for the leaders to motivate their employees to enhance organisational performance. **Saloni Devi (2017)** analysed the relationship between Employee Engagement and Organisational Performance. Engaged workforce helps to improve the skills of the employees, it promotes proficiency on the job, contributes to meet or to exceed performance standards and develops involved workforce.

### Objectives of the study

1. To study the demographic profile of the employees in IT companies.
2. To identify the factors which influencing employee commitment and organisational performance.
3. To suggest measures for effective commitment and performance in an organisation.

## Hypotheses of the study

1.  $H_0$  - There is no significant difference between the Designation and Effects of Employee Commitment to Organisational performance.
2.  $H_0$  - There is no significant difference between the Salary and Effects of Employee Commitment to Organisational performance.
3.  $H_0$  - There is no significant relationship between the factors of Employee Commitment.

## Research Methodology

This paper is descriptive and analytical, and the study is based on the review of the literature and secondary data collected from various websites, journals, magazines, newspapers and reference books. Primary data is collected through a well-structured questionnaire which is circulated among 220 respondents in the top ten IT companies in Chennai. The questionnaire consists of both optional types as well as statements in Likert 5 point scale. The researcher used Cronbach's Alpha method to check the reliability of all 220 respondents collectively. The value obtained is above the benchmark value of 0.75, which proves the high reliability of the questionnaire. The researcher adopted a convenient sampling method to collect the responses from the employees of IT companies.

## Data Analysis and Interpretation

This part of the research paper deals with data analysis and its interpretation. The researcher has used the simple average method for all the social and demographic factors of the employees. The hypotheses have been tested by using suitable statistical tools like Frequency, One-way Analysis of variance (ANOVA). The data analysis was done in the SPSS 21st version.

**Table 1: Socio-Demographic Profile of the Employees**

Socio-Demographic Factors	Classification	Frequency	Percent
Age	20-30 years	121	55%
	30-40 years	65	30%
	Above 40 years	34	15%
Gender	Male	141	64%
	Female	79	36%
Educational Qualification	Diploma	44	20%
	Under Graduate	82	37%
	Post Graduate	45	20%
	Professional	49	22%
Work Experience	Fresher	32	15%
	1-3 years	60	27%
	3-6 years	61	28%
	6-10 years	38	17%
	Above ten years	29	13%
Designation	Operational level	137	62%
	Supervisory level	58	26%
	Managerial level	25	11%

**Source: Primary Data**

From the above table it is interpreted that frequency distributions for age group are (55%) of the respondents are comes under 20-30 years, and gender (64%) are mostly male respondents, followed by educational qualification

(37%) are undergraduate category, then work experience (28%) having 3-6 years of working experience and finally, designation level (62%) belongs to the operational level. Therefore the demographic profile of the respondents is dominated by the young male possessing undergraduate with moderate work experience at the operational level in the IT companies of Chennai.

**Table 2: One-way Analysis of Variance among Designation and Effects of Employee Commitment to Organisational performance.**

ANOVA						
Designation and Employee Commitment Factors		Sum of Squares	df	Mean Square	F	Sig.
Motivation	Between Groups	2.080	2	1.040	2.750	.066
	Within Groups	82.049	217	.378		
Compensation	Between Groups	2.225	2	1.112	1.591	.206
	Within Groups	151.690	217	.699		
Leadership	Between Groups	5.013	2	2.506	4.043	.019*
	Within Groups	134.533	217	.620		
Training and Development	Between Groups	3.617	2	1.809	3.213	.042*
	Within Groups	122.139	217	.563		
Communication	Between Groups	5.723	2	2.861	4.433	.013*
	Within Groups	140.064	217	.645		

Source: Computed Data

\* 5% Level of Significance

H<sub>0</sub> -There is no significant difference between the Salary and Effects of Employee Commitment to Organisational performance

From the above table, it is implied that p-value for Communication (0.013), Leadership (0.019), Training and Development (0.042) is less than table value at 5% level of significance, and the p-value for the factor compensation (0.206), Motivation (0.066) is greater than the table value at 5% level of significance. Hence, the null hypotheses are rejected. Therefore, there is a significant difference among the designation of the respondents and the employee commitment factors except for compensation and motivation.



**Table 3: One-way Analysis of Variance among Salary and Effects of Employee Commitment to Organisational performance**

ANOVA						
Salary and Employee Commitment Factors		Sum of Squares	df	Mean Square	F	Sig.
Motivation	Between Groups	.831	4	.208	.536	.709
	Within Groups	83.298	215	.387		
Compensation	Between Groups	4.355	4	1.089	1.565	.185
	Within Groups	149.560	215	.696		
Leadership	Between Groups	5.799	4	1.450	2.330	.057
	Within Groups	133.746	215	.622		
Training and Development	Between Groups	9.174	4	2.293	4.230	.003*
	Within Groups	116.583	215	.542		
Communication	Between Groups	7.033	4	1.758	2.724	.030*
	Within Groups	138.754	215	.645		

Source: Computed Data

\* 5% Level of Significance

H<sub>0</sub> -There is no significant difference between the Salary and Effects of Employee Commitment to Organisational performance

From the above table, it is implied that p-value for Motivation (0.709), Compensation (0.185), Leadership (0.057) is greater than the table value at 5% level of significance, and the p-value for the factor Training and Development (0.003), Communication (0.030) is less than the table value at 5% level of significance. Hence, the null hypotheses is accepted.

**Table 4: Bi-variate Correlation on the Factors of Employee Commitment**

Factors of Employee Commitment		Job Satisfaction	Compensation	Motivation	Communication	Leadership
Job Satisfaction	Correlation	1	.299**	.429**	.302**	.368**
	Sig.		.000	.000	.000	.000
	N	220	220	220	220	220
Compensation	Correlation	.299**	1	.375**	.370**	.484**
	Sig.	.000		.000	.000	.000
	N	220	220	220	220	220
Motivation	Correlation	.429**	.375**	1	.478**	.468**
	Sig.	.000	.000		.000	.000
	N	220	220	220	220	220
Communication	Correlation	.302**	.370**	.478**	1	.382**
	Sig.	.000	.000	.000		.000
	N	220	220	220	220	220
Leadership	Correlation	.368**	.484**	.468**	.382**	1
	Sig.	.000	.000	.000	.000	

	N	220	220	220	220	220
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Source: Computed Data

$H_0$  – There is no significant relationship between the factors of Employee Commitment.

From the above table, it is found that Job Satisfaction, Compensation, Motivation, Communication and Leadership are statistically significant at 5% level. Therefore, it can be concluded that there is a significant relationship between the factors of employee commitment.

### Research Findings and Conclusion

Employees who are satisfied they perform better and contribute to the overall success of organisations. Employees who are not satisfied do not perform well and become a great barrier to success. The research paper suggests that by concentrating on improving both employee commitment and performance can make organisations be more successful. Engaged employees want good communication and motivation from the superiors; it provides better profitability and makes employees proud of their organisation.

Organisations should ensure and increase the process of employee commitment; it includes planning, employee input and satisfaction, strong communication and a better understanding of motivational factors must be developed then only the relationship between employee commitment and organisational outcomes would be stronger. Thus, organisations' need to understand the effects of employee performance so, the employer helps them to overcome and improve it to achieve their organisational goals.

As a result, organisations must invest in developing their Job satisfaction, compensation benefits, Training skills, Leadership style, Communication and increase the motivation level to sustain in the global market. Organisations must try to present a great environment for employees to work and promote policies that would enhance business outcomes.

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