FACTORS INFLUENCING ORGANIZATIONAL COMMITMENT – RESEARCH AND LESSONS

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Abstract
This article focuses on major influencing factors of organizational commitment namely job satisfaction, leadership style and organization climate. Objective of this article is to compile all the factors influencing organizational commitment. This compilation supports for HR managers to implement, ensure and monitor the factors influencing organizational commitment. Therefore they can retain and enhance the performance of employees and productivity of the firm. Working environment, working condition, compensation management, promotion opportunity, job security, relationship with manager, relationship with co-workers and management-employee relationship are the core factors influencing job satisfaction. Transformational leadership behaviors will encourage employees to be more committed to their organization. Dimension of organizational climate leads to organizational commitment namely training and development, communication satisfaction, performance appraisal, employee empowerment (Decision making), employee motivation, team work, trust between employee and manager, employee wellness and image of the organization. Organization who considers all these factors proves to be the successful organization.
Keywords: Organizational commitment, job satisfaction, Transformational leadership, organizational climate

1. INTRODUCTION

Lotanz and Shave (1992) stated that, organizational commitment is an attitude of strong desire to stay in the organization, willingness to exert extra effort for the organization and strong belief in the values and objectives of the organization. (Khanifar et al. 2012) There are three components of organizational commitment which include affective, continuance and normative commitment.

- Affective commitment is a strong emotional attachment and involvement in the organization

- Continuance commitment is an awareness of the costs associated with leaving the organization

- Normative commitment is an obligation to continue belonging to the organization (Jena 2015)

Age, gender, educational qualification and marital status are the major factors affecting organizational commitment. Allen and Meyer said that job satisfaction is more with old workers because of their attitudinal commitment. Some studies suggested that women are more committed towards organization than men, although the difference is minor. Different types of organizational commitment include commitment towards organization, commitment towards job, commitment towards customers, commitment towards

superiors and commitment towards management. More number of studies focuses on factors influencing organizational commitment.

Major influencing factors of organizational commitment include

- Job satisfaction

- Leadership style

- Organization climate

Job satisfaction is related to employee's mindset towards working environment that meets the needs and values of employees and the individual's response to that environment. Job satisfaction is the primary factor influencing organizational commitment (Gangai 2015). Secondly there is a positive correlation between leadership styles and organizational commitment. Leadership styles also linked to employee job satisfaction, organizational effectiveness and culture (Aghashahi et al. 2013). Different styles of leadership include transformational leadership, transactional leadership, laissez-faire leadership and Ethical leadership. Organizational climate is an enduring quality of the internal environment of an organization that is experienced by its employees, influenced by their behavior, Moreover this climate can be described in terms of the values of a particular set of characteristics (or attitudes) of the organization. Organizational Climate directly related to all the activities in an organization directly or indirectly. In current competitive business scenario the survival and growth of any organization depends on favorable organization climate. Favorable organization climate enhances job satisfaction (Singh et al. 2011).

This article will review and summaries the researches happened so far on factors influencing organizational commitment and lessons learned from those researches. This compilation supports for HR managers to implement, ensure and monitor the factors influencing organizational commitment. Therefore they can retain and enhance the performance of employees and productivity of the firm.

2. LITERATURE REVIEW

1. Job satisfaction and organizational commitment - Brown and Peterson (1994) noted that job satisfaction is a prerequisite to organizational commitment (Cheng Lin 2011). More number of researches in different industries ensured the relationship between job satisfaction and organizational commitment. Many researchers identified and ranked the factors influencing job satisfaction. (Halis and Gokgoz 2007), (Hong et al. 2013), (Parvin and Kabir 2011), (Neog and Barua 2014)
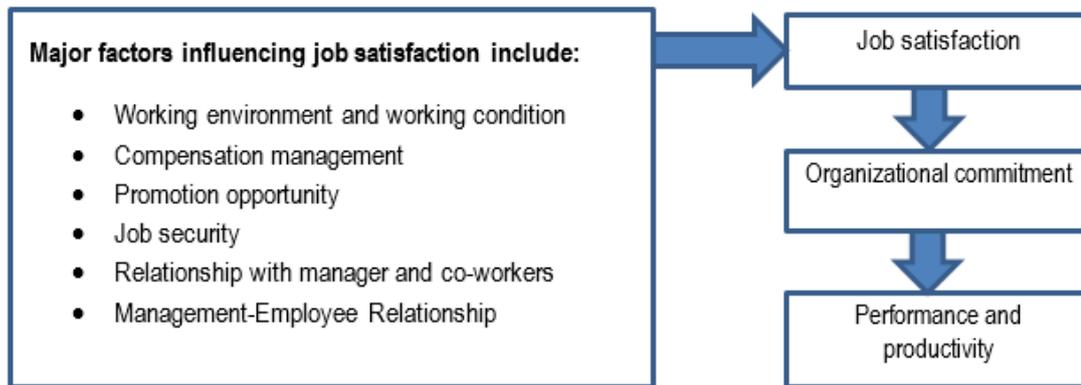
FIGURE 1 - JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT
(Saeed et al. 2013), (Mustapha and Zakaria 2013)

Halis and Gokgoz (2007) analyzed organizational commitment through internal customer job satisfaction. They concluded that internal customer satisfaction with company policies, company compensation system, company working conditions and satisfaction with company advancement provides significant relationship to organizational commitment.

Hong et al. (2013) studied the factors that influenced job satisfaction amongst employees of a factory in seremban, Malaysia. This result shows that working environment, compensation and promotion principles gives more impact on job satisfaction. In other hand, company fairness not having much impact on job satisfaction.

Parvin and Kabir (2011) analyzed the factors influencing employee job satisfaction in pharmaceutical industry. As per his research, working condition, pay and promotion, fairness, job security, relation with co-workers, relation with supervisor are the major factors influencing employee job satisfaction in pharmaceutical industry. However, observation in pharmaceutical industry shows that, the level of employee job satisfaction is neutral (neither happy nor unhappy) in terms of working conditions, pay and promotion, job security and relationship with co-workers. The level of employee job satisfaction is slight unhappy in relationship with immediate supervisor.

Neog and Barua (2014) observed the factors influencing job satisfaction among employees of automobile service workshops in Assam. In this study, 37 % of the respondents said that salary is the most important factor influencing employee's job satisfaction. 29% respondents said work-family balance, 19% respondents said Supervisor support, and 15% respondents said career opportunities influencing employee's job satisfaction.
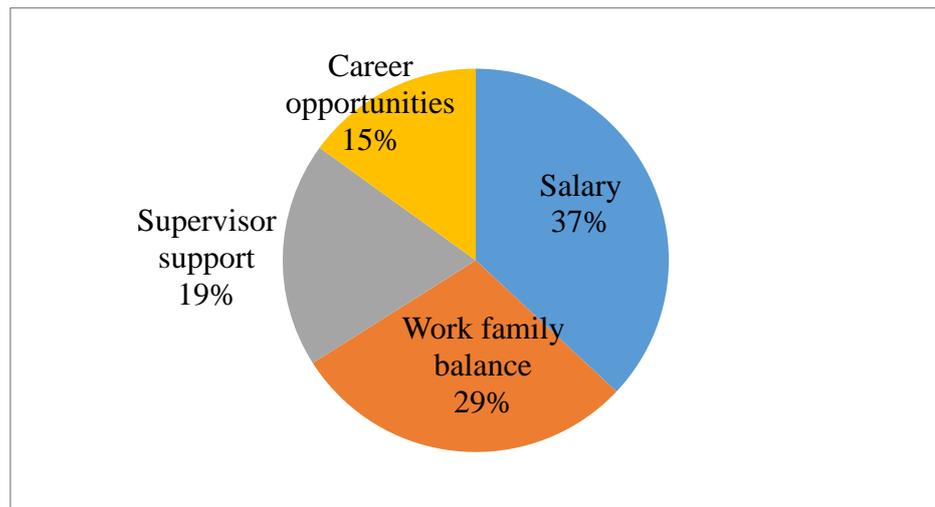
FIGURE 2 - FACTOR INFLUENCING EMPLOYEE'S JOB SATISFACTION AMONG EMPLOYEES OF AUTOMOBILE SERVICE WORKSHOPS IN ASSAM
(Neog and Barua 2014)

Working Environment and Working Condition - Now a day's, service industry employees are concerned about the working environment which includes job safety & security, proper work load, flexible working hours, team work approach and supportive top management. Improving work environment leads to job satisfaction thus making the employees more committed towards organization.   (Raziqa and Maulabakhsha 2015)

Salunke (2015) conducted a study to investigate the relationship between work environment and job satisfaction of employees in cooperative sugar industry. This research concluded that some good environments like fun at workplace, health & safety facility, refreshment & recreation facility increase the degree of job satisfaction. On the other hand, stress, overtime, workload, fatigue, boredom leads to job dissatisfaction.

Bakotic and Babic (2013) analyzed the relationship between working conditions and job satisfaction in Croatian Shipbuilding Company. Empirical research showed that workers who work in administration are more satisfied with working conditions than workers who work under difficult working conditions. Therefore improving working condition is essential for workers who work under difficult working conditions.

Factors to be considered for improving working condition include improving safety at work place, improving machinery handling by giving proper training to workers and offering protective equipment to workers.

Compensation Management - Compensation systems play a major role in employee motivation which leads to job satisfaction and organizational commitment. There are two types of compensation namely direct and indirect form of compensation as shown in Figure 3.
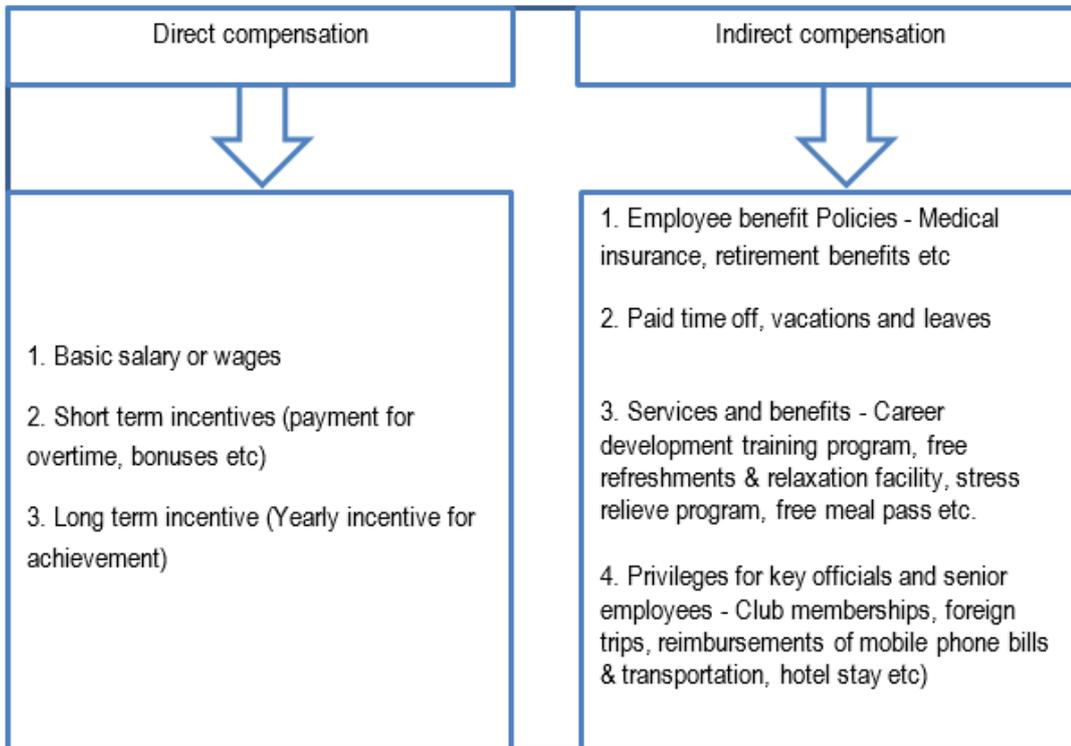

FIGURE 3 - VARIOUS COMPONENTS OF COMPENSATION (SHARMA 2013)

- Short-term incentive motivates the employees for their short term performance

- Long-term incentives improve overall achievement through performance, Moreover, long term incentive plans become invalid if the employee leaves the organization before a specific period. Hence, this component can serve as a means of retention.

- Employee benefit policies like, medical insurance and retirement benefits directly leads to job satisfaction and organizational commitment

- Paid time off, vacations and leaves support for work family balance leads to job satisfaction

- Recent days many companies are offering services and benefits like career development training program, free refreshments & relaxation facility, stress relieve program, free meal pass etc.

- Privileges for key officials and senior employees (Club memberships, foreign trips, reimbursements of mobile phone bills & transportation, hotel stay etc) improve their quality of life (Sharma 2013)

Yamoah (2014) analyzed the impact of compensation management on employee job satisfaction and concluded that career development and job security are the major contributing factors to employee job satisfaction. Moreover, Terera (2014) analyzed the impact of rewards on job satisfaction and concluded that employee rewards lead to employee retention but however, they do not result in job satisfaction.

Sharma (2013) analyzed the impact of various components of compensation on the motivation level of employees in Indian public and private sector banks. Basic salary, benefits & services play an essential role in employee motivation in public sector at all the managerial levels. On another hand, basic salary, short-term and long-term incentives play an essential role in employee motivation in private sector at all the managerial levels.

Promotion Opportunity - Mustapha and Zakaria (2013) examined the impact of promotion opportunity on job satisfaction among academics in higher public institutions in Malaysia. Results of this study show the positive significant relationship between promotion opportunity and job satisfaction. Malik, Danish and Munir (2012) examined the impact of pay and promotion on job satisfaction. The researchers concluded that promotion has less influence on job satisfaction compared to salary or wage. Salary or wage has significant influence on job satisfaction. The results from a study conducted by Muhammad and Akhter (2010) suggest that salary, supervision and opportunities for promotion are positively correlated with job satisfaction.

Job Security – Yashoglu, Karagulle and Baran (2013) reported that, job insecurity is responsible for job related stress which leads to job dissatisfaction. Job insecurity not only affects employee's quality of life but also the growth of the organization.

Overall, Job insecurity leads to

- Job dissatisfaction

- Physical health problem

- Psychological distress

- Reduced job performance

- Lower job involvement

- Reduced organizational commitment

Relationship with manager and co-workers - Both leader-member relationship and co-worker's relationship plays a major role in job satisfaction and organizational commitment. Cheng Lin (2011)

conducted a research on relationship between co-worker's relationships and organizational commitment in service industry. The results showed that in service industry, leader-member relationship and coworker's interactions are the factors that truly affect job satisfaction and organizational commitment. (Cheng Lin 2011)
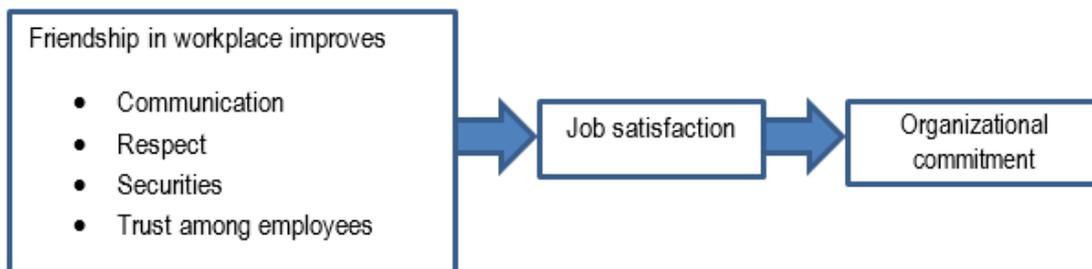
FIGURE 4 - WORKPLACE RELATIONSHIP AND ORGANIZATIONAL COMMITMENT
(http://scholarworks.umass.edu)

Management-Employee Relationship - Tansel and Gazioglu (2012) examined the impact of management - employee relationship on job satisfaction. Major finding suggest that, firm size plays an essential role in management-employee relationships. In big level firms, management cannot interact with all the employees. Many hierarchical layers will not allow the management to interact with all the employees. On the other hand, in small level firms, management has more possibilities to maintain the relationship with their employees. In this study, management-employee relationship is less satisfactory in the big level firms than in the small level firms. Therefore, Job satisfaction levels are lower in large firms.

2. Leadership style and organizational commitment - More number of studies have been conducted in order to explain the relationship between leadership style and organization commitment. It has been found that there is a significant relationship between leadership style and organizational commitment. (Mclaggan, Bezuidenhout and Botha 2013), (Aghashahi et al. 2013), (Celik, Dedeoglu, Inanir 2015), (Zehir, Sehitoglu and Erdogan 2012)

Major researches focus on 4 types of leadership style namely (Zehir, Sehitoglu and Erdogan 2012), (Celik, Dedeoglu, Inanir 2015)

- Transformational leadership

- Transactional leadership

- Laissez-faire leadership

- Ethical leadership

Transformational Leadership - Transformational leaders continuously encourage and motivate their followers to build commitment for the organizational mission and objectives. Transformational leader works beyond self-interest for organizational goals and values. They bring change in the organization to achieve the vision. Moreover, transformational leaders give more attention to creative and innovation. Transformational leadership comprises of idealized influence by leaders characters and qualities, idealized influence by leaders behavior, individual consideration, intellectual stimulation, and inspirational motivation. (Aghashahi et al. 2013), (Zehir, Sehitoglu and Erdogan 2012)

Aghashahi et al. (2013) concluded that transformational leadership has a significant role in predicting organizational commitment components namely; affective and normative in a Malaysian contact center setting. Moreover, Mclaggan, Bezuidenhout and Botha (2013) conducted a study on leadership style and organizational commitment in the mining industry in Mpumalanga. This study strongly concluded that transformational leadership behaviors will encourage employees to be more committed to their organization.

Transactional Leadership - Transactional leaders focus on subordinates performance and satisfaction linked to rewarding system to achieve organizational mission and objectives. They reward their employees with money, status and promotion while they pay less attention to creative and innovative acts (Aghashahi et al. 2013), (Zehir, Sehitoglu and Erdogan 2012). Javed, Jaffari and Rahim (2014) analyzed the relationship between leadership styles and employees' job satisfaction in the Private Banking Sector of Pakistan. According to this study, transactional leadership style is more adopted by branch managers in the private banking sector of Pakistan and this is the main leadership style that can increase the employees' job satisfaction significantly due to strong positive correlation with their job satisfaction.

Laissez-Faire Leadership - In this leadership style, leaders give full freedom to followers to make their own decision. Laissez-Faire Leadership style recommends not to take any responsibility and control mechanism. Zehir, Sehitoglu and Erdogan (2012) report says that there is a positive correlation between Laissez-Faire leadership and commitment to superior. It was also found that in Laissez-Faire Leadership style, Leader encourages the original ideas of their employees by giving freedom. (Zehir, Sehitoglu and Erdogan 2012).

Ethical Leadership - Ethical leaders are impartial, show more ethical behaviors, Moreover, they take the wishes of employees into consideration and protect their employees' rights fairly. Celik, Dedeoglu, Inanir (2015) and his team found that ethical leadership has a positive effect on organizational commitment and job satisfaction. It was also found that organizational commitment has a partial mediator function between ethical leadership and job satisfaction. (Celik, Dedeoglu, Inanir 2015).

3. Organizational climate and organizational commitment - Organizational climate is one of the significant factors responsible for organizational commitment. Top level management and managers are the responsible persons for maintaining and monitoring organizational climate. Mainly, organizational climate can be found in the organization's objective to develop employees by providing good guidance, support, working environments and working conditions. Favorable organizational climate can achieve job satisfaction and organizational commitment. (Bahrami et al. 2016)

FIGURE 5 - DIMENSIONS OF ORGANIZATIONAL CLIMATE AND ORGANIZATIONAL COMMITMENT
(Castro and Martins 2010), (Noordin et al. 2010)

Bulut and Çulha (2010) found that offering training opportunity, training access, training benefits and training support leads to organizational commitment. Engin and Akgoz (2013) analyzed the effect of communication satisfaction on organizational commitment. Results of this study shows that the effect of communication satisfaction on organizational commitment is at higher levels on normative commitment and affective commitment and low in the continuance commitment. Moreover, Performance appraisal plays a critical role in organizational commitment. Singh and Rana (2013) conducted a study in the relationship between performance appraisal and organizational commitment of bank employees. This study concluded that the awareness of performance appraisal, fairness in the appraisal & performance based payment practices increases the organizational commitment. Khan et al. (2014) found that employee empowerment is positively related with organizational commitment. Moreover, this study confirmed that involving in decision making gives motivation that leads to organizational commitment. Team work plays a major role in organizational commitment. In present competitive scenario team work is highly require for organizational commitment. Employee wellness refers to work family balance leads to organizational commitment. Trust between employee and manager plays a critical role in job satisfaction and organizational commitment. Image of the organization refers to brand value, an employer

of choice, well known in the market and highly rated. This is one of the factors responsible for organizational commitment. (Castro and Martins 2010)

3. CONCLUSIONS

Major influencing factors of organizational commitment include job satisfaction, leadership style and organization climate. Job satisfaction is a prerequisite to organizational commitment. Working environment, working condition, compensation management, promotion opportunity, job security, relationship with manager, relationship with co-workers and management-employee relationship are the core factors influencing job satisfaction. Recent days employees expect good working environment like fun at workplace, health & safety facility, refreshment & recreation facility which increases the degree of job satisfaction and organizational commitment. On the other hand, bad environments like stress, overtime, workload, fatigue, boredom leads to job dissatisfaction. Providing safety at work, providing training for improving machinery handling, providing protective equipment to workers are the good working condition which influence job satisfaction and organizational commitment in manufacturing industry. Both direct and indirect compensation system highly influencing job satisfaction and organizational commitment. Basic salary, incentive systems, benefits & services play an evergreen role in employee motivation which leads to job satisfaction and organizational commitment. Recent years many companies are providing services and benefits as additional compensation like career development training program, free refreshments & relaxation facility, stress relieve program, free meal pass etc. Some studies show that promotion has less influence on job satisfaction compared to salary or wage. Salary or wage has significant influence on job satisfaction. Job insecurity in an organization leads to Job dissatisfaction, physical health problem, psychological distress, reduced job performance, lower job involvement and reduced organizational commitment. Friendship in workplace is also a factor responsible for organizational commitment. Friendship in workplace improves communication, respect, securities and trust among employees. Management-employee relationship is less satisfactory in the big level firms than in the small level firms because in big level firms, management cannot interact with all the employees. Many hierarchical layers will not allow the management to interact with all the employees. On the other hand, in small level firms, management has more possibilities to maintain the relationship with their employees. There is a significant relationship between leadership style and organizational commitment. Especially transformational leadership behaviors can encourage employees to be more committed to their organization. Few studies have confirmed that transactional leadership, laissez-faire leadership and ethical leadership also influence organizational commitment. Dimension of organizational climate leads to organizational commitment namely training and development, communication satisfaction,

performance appraisal, employee empowerment (Decision making), employee motivation, team work, trust between employee and manager, employee wellness and image of the organization.. Training opportunity, training access, training benefits and training support leads to organizational commitment. Communication satisfaction on organizational commitment is at higher levels on normative commitment and affective commitment and low in the continuance commitment. Fairness in the appraisal & performance based payment practices increases the organizational commitment. Employee empowerment like involving in decision making gives motivation that leads to organizational commitment. Organization who considers all these factors proves to be the successful organization.

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