Organizational Commitment: Review and Analysis

Shevata Singhal[a]* and Sunita Dwivedi[b]
[a]*WISDOM, Banasthali University, Rajasthan .*
[b]*School of Management, ITM University, Gwalior.*
*shevata.mmgt@gmail.com

Abstract

Employees are one of the most important determinants and leading factors that determine the success of an organization in a competitive environment. Committed employees give a big contribution to organizations because they perform and behave on achieving organizations' goals. Furthermore, workers who are committed to their organization are happy to be members of it, believe in and feel good about the organization and what it stands for, and intend to do what is good for the organization. Organizational commitment has gained importance by reducing labour turnover, absenteeism and increasing motivation etc and able to gain competitive advantage. Organizational commitment is defined as "the extent to which an employee identifies with the nature and goals of a particular organization and wishes to maintain membership in that organization". Organizational commitment shows the strength of the commitment which a working person feels for the organization he or she works in. Given the contribution a highly trained and committed employee can make to organizational productivity, keeping such an employee should be a high priority for the organization. This is especially true for any organizations that rely heavily on their good behavioral employees to provide friendly and courteous services to their customers in this competitive environment. Thus, it may be in the organization's best interest for managers to understand how their behavior might influence a worker's commitment to the organization. This is an exploratory study and this paper will try to explore the different factors that affect the commitment of employees and how the management can improve the commitment of their employees to gain competitive advantage.

Keywords - Organizational Commitment, Factors Affecting, Sample and Implication.

Introduction

Being a social creature an individual's spending most of his life in natural groups or formal organizations. The main element of organizations is an individual. To be a member of different groups or organizations is a requirement of social life and a quality specific to individuals. Therefore, social life can be defined as organized life. Individuals meet many of their essential needs via organizations. Nowadays, people carry on their lives in various organizations such as schools, clubs, local social groups, companies, state institutions and political parties.

Employees are one of the most important determinants and leading factors that determine the success of an organization in a competitive environment. Committed employees give a big contribution to organizations because they perform and behave on achieving organizations' goals. Furthermore, workers

Copyright © 2012 IMSEC

who are committed to their organization are happy to be members of it, believe in, and feel good about the organization and what it stands for, and intend to do what is good for the organization.

Commitment can be defined as "the identification and the attachment to an organization and implies three elements: a strong belief/acceptation of the organization's objectives and values, the willingness to exert strong efforts for it and the firm intention to stay within the organization" (Mowday *et al*., 1982).

Organizational commitment has gained importance by reducing labour turnover, absenteeism and increasing motivation etc and able to gain competitive advantage. Determining factors related to organizational commitment may be useful on several levels. Organizational commitment has been found to be strongly related to the intention to leave one's job and to the intention to search for job alternatives. Today organizations are recognizing the competitive advantage that can be gained through human resources practices. Various human resource practices affect the commitment of employees in an organization. Knowledge of the antecedents of organizational commitment will enable organizations to manage these withdrawal behaviors. The positive effects of organizational commitment (OC) have been well documented in management literature. It appears that business leaders have good reason to pay close attention to OC because it can be a source of competitive advantage for their organizations.

Organizational commitment must be differentiated from job satisfaction: whereas job satisfaction results from an individual relation to work, organizational commitment controls and guides the person in the organization. Organizational commitment shows the strength of the commitment which a working person feels for the organization he or she works in.

Meyer and Allen (1984), proposed a three-dimensional measurement of organizational commitment showing that this attitude could be better understood as a multidimensional concept. They defined the three dimensions as:

- Affective commitment is defined as "positive feelings of recognition with, attachment to, and participation in the work organization".
- Continuance commitment can be defined as, "the degree to which employees feel committed to their organizations by virtue of the costs that they feel are related with leaving (investments or lack of attractive alternatives)".
- Normative commitment means "the employees' feelings associated with the responsibility to remain in the organization".

Evidence generally supports the theory that affective commitment is positively associated with certain desired outcomes while continuance commitment generally has negative associations. Only preliminary studies have been conducted in the area of morale commitment. This knowledge reinforced the importance of studying the affective commitment of core and contract employees. More precisely, researchers showed that organizational commitment enhances the individuals' performance and reduces turnover and absenteeism. But it also facilitates the acceptance of changes in a new environment.

According to Morrow there are more than 25 different definitions for organizational commitment. Some definitions are:

- In its broadest sense, organizational commitment includes the idea of loyalty and commitment.
- Organizational commitment is an attitude or inclination that attaches individuals' identities to the organization.
- Organizational commitment is an integrity composed of the desire to stay as an organization member, the desire to work hard for the organization and the belief in the values and goals of the organization.

- Organizational commitment is the behaviors of individuals towards the goal and values rather than the formal and normative expectations of an organization from its members.

Another researcher takes a different view of commitment, arguing that different types of commitment result from different behavioral requirements placed on members by the organization. Again, involvement takes three forms, but here the forms may be interrelated. Continuance commitment has to do with a member's dedication to the survival of the organization and results from having people make sacrifices for and investments in the organization. Cohesion commitment is attachment to social relations in an organization, it can be enhanced by having employees publicly renounce previous social ties or engage in ceremonies that enhance group cohesion. Control commitment is a member's attachment to the norms of an organization that shape behavior in desired ways. It exists when employees believe that the organization's norms and values are important guides to their behavior.

Given the contribution a highly trained and committed employee can make to organizational productivity, keeping such an employee should be a high priority for the organization. This is especially true for any organizations that rely heavily on their good behavioral employees to provide friendly and courteous services to their customers in this competitive environment. Thus, it may be in the organization's best interest for managers to understand how their behavior might influence a worker's commitment to the organization.

Review of Literature

Encouraging employees to work and be committed to organization toward achieving organizational goals and objectives is one of the most significant challenges for any management team. The continuous survival of any work organization requires the cooperation of labour with the other factors of production such as land and capital.

Organizational commitment is to become one with the goal and values of the organization as primary objective without financial concerns with a desire to stay in a given organization. There is now a sizable body of literature linking organizational commitment to important work behaviors, including turnover, absenteeism and job performance. Recently, however, it has been recognized that there are different forms of commitment and that these may have different implications for behavior. If organizations hope to reduce absenteeism and turnover and improve the on-the-job behavior of their employees by fostering greater commitment, it is important that they understand how commitment develops and what they can do to foster the appropriate kind of commitment.

It is defined as, "the extent to which an employee identifies with the nature and goals of a particular organization and wishes to maintain membership in that organization" (Mowday *et al*., 1982).

It is stated that individuals' organizational commitment is associated with nationality and that relationship is associated with their cultural beliefs and an environmental variable (i.e. perceived environmental uncertainty) (Clayton *et al*., 2002).

Organizational commitment refers to the psychological attachment of workers to their workplaces. Commitment to organizations is positively related to such desirable outcomes as job satisfaction, motivation, and attendance and negatively related to such outcomes as absenteeism and turnover. This is evident when employees experience higher job satisfaction, they will also experience higher organizational commitment. Researches have found positive associations between job satisfaction and organization commitment and negative associations between job satisfaction and turnover intention and organizational commitment and turnover intention (Slattery *et al*., 2005; Vandenberg *et al*., 1992).

Organizational climate also affect the organizational commitment. Dimensions of organizational climate

Copyright © 2012 IMSEC

(such as climate dimension Challenge & Involvement, Trust & Openness, Lowest between idea support, Freedom and Playness & humour) had greater influence on organizational commitment than organizational climate as a whole. There is a positive association of organizational climate with organizational commitment. Favorable organizational climate promotes organizational commitment. It has been proved that empowerment and power has positive impact on commitment as well as their profession. Level of empowerment was significantly related to employees' feelings of commitment to the organization and to the profession (Boglera *et al*., 2004; Smith *et al*., 2008).

Researches showed that there is a significant relationship between organizational commitment and leader member exchange relationship. Studies suggested that the quality of exchange relationships affect subordinates' commitment and good will (Truckenbrodt *et al*., 2000).

Researches showed that there are so many factors that affect the organizational commitment. Some factors have positive impact on commitment where as some impact negatively.

Summarization

An individual's attitude to the organization is inferred by their loyalty to the firm and identification with its values. The behavioural component of commitment reflects a person's willingness to expend effort on the organization, as well as his or her intention to remain in the organization. There are many factors that affect the commitment of employees for their organization. Many studies have done to identify the various factors affecting commitment of employees and how management can gain the commitment of their employees.

Table 1: Major Factors of Organizational Commitment identified by Researches

S. No.	Authors	Year	Factors	Sample	No. of items on the scale
1	Robert J. Vandenberg, Charles E. Lance	1992	Job Satisfaction	100 management information systems professionals from a multinational, software research and development firm located in the southeast.	06 items
2	Patricia A. Wilson	1995	Politics and power	942	13 items
3	Yolanda B. Truckenbrodt	2000	Leader Member Exchange (LMX) theory	204 full-time employees in a highly specialized, information technology solutions company	(LMX-7) scale
4	BM Clayton and MR Hutchinson	2002	perceived environmental uncertainty (PEU) and the cultural beliefs	The actual number of respondent was 461	10 item 7 item
5	Ronit Boglera, and Anit Somech	2004	Empowerment	983 teachers	38 item
6	Jeffrey P. Slattery and T.T. Rajan Selvarajan	2005	Job Satisfaction	1257 temporary employees who work for a large temporary agency that has franchises throughout the United States	20 items

7	M.G. Shahnawaz and Rakesh C. Juyal	2006	Human Resource Practices	90, 45 participants each were randomly selected from the two organizations	75 items
8	Ooikeng Boon and Veeri Arumugam	2006	corporate culture	377 full-time employees	16 items
9	Smith, Sheila M.	2008	structural empowerment	79 project managers.	25 items
10	Pooja Garg and Renu Rastogi	2009	Psychological Wellbeing	100 respondents working in different organizations	54-item

Among the many factors that have been shown to influence an employee's decision to remain with or leave an organization are the supervisors or manager's leadership style, psychological wellbeing, empowerment, corporate culture, job satisfaction, various human resource practices, environmental uncertainty, politics, power etc.

There are so many other factors such as monetary rewards, fair justice (fair promotional polices), participated decision making etc. also affect the employees intention to remain with their organization. Apart from this demographic variables such as age, gender, marital status, experience, qualification etc also affect employees' commitment towards their organization.

Explanation

The explanation of various factors related to organizational commitment

Job Satisfaction

Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job and job experiences. Despite it is important and believed that job satisfaction (JS) is a cause of organizational commitment (OC), the causal relationship between the two constructs is not clearly understood. Researchers found positive associations between job satisfaction and organization commitment and negative associations between job satisfaction and turnover intention, and organizational commitment and turnover intention. Despite its important and they believed that job satisfaction is a cause of organizational commitment, the causal relationship between the two constructs is not clearly understood. Researches tried to explain the relationship between job satisfaction and organizational commitment. Some studies proved that job satisfaction causes commitment while others commitment causes job satisfaction.

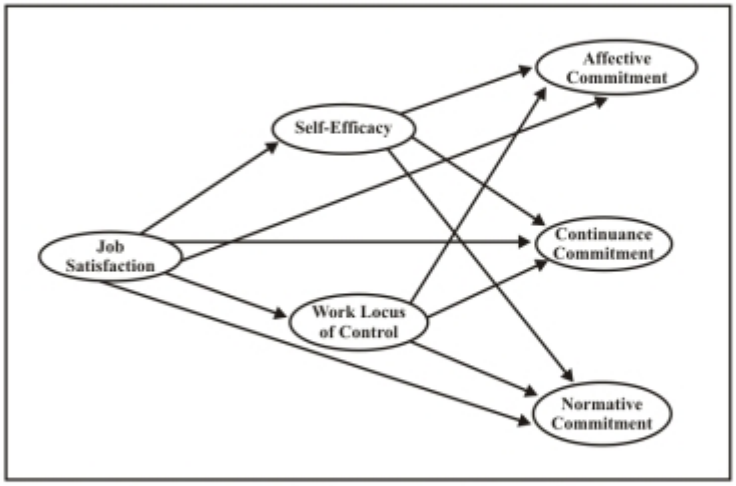

Figure 1: Job Satisfaction as Antecedent to Organizational Commitment

Copyright © 2012 IMSEC

Power

Power is defined as the "capacity of a individual [organizational members] to exert influence over others to achieve desired objectives or results". The politics and power are common in use in organizations. There is scarcity of recourses in the environment, people come to work situations and perform a group of goals, not just one unified goal and due to scarcity of recourses, these goals invoke conflict and competition among workers. This competition, in turn, affects the use of power and politics. Among the several bases of power researchers identified were (1) the nature of an agency's expertise (2) the nature of and size of an agency's constituencies; and, (3) the quality of an agency's leadership (leadership power). The power-based theory includes the subunit power, leadership power, leadership behavior variables. Subunit power and leadership power are believed to have the most significant effects on commitment. Subunit power embodies those elements which are essential for the survival of agencies in government and for the implementation/influence of public policy. The concept of leadership power includes both technical and conceptual abilities, as well as political skill. In reference to technical and conceptual abilities, those supervisors who have leadership power have "the ability to administer to another person information, knowledge, or expertise". Also findings suggested that two forms of power (formal and informal) and work effectiveness variables (opportunity, information, resources, and support) related to organizational commitment. Further it proved that team power, good leader-member relations, and political control affects the commitment. It is reasonable to predict, however, that subunit power, leadership behavior, and arbitrary personnel practices would affect the organizational commitment. To successfully implement policy which serves public interest (i.e., "the greatest good for the greatest number of people"), then, requires power.

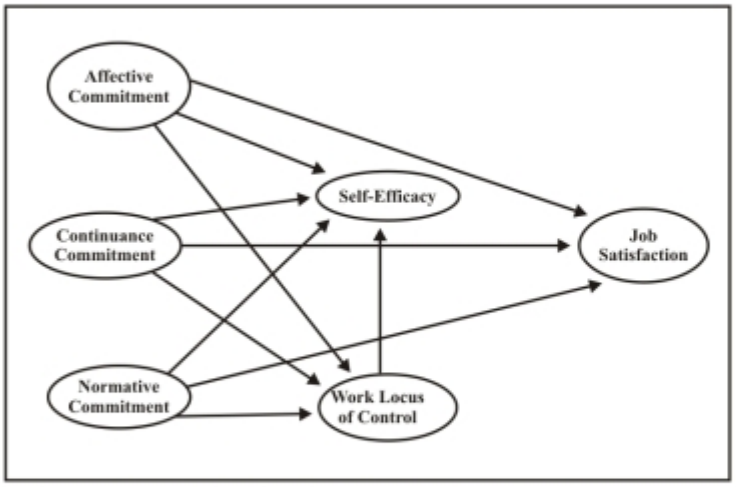

Figure 2: Organizational Commitment as Antecedent to Job Satisfaction

Leader Member Exchange (LMX) Theory

Leaders treat subordinates differently at varying degrees and levels contingent on whether the latter are part of the in-group (high-quality relationship) or out-group (low-quality relationship). The theory asserts that leaders do not interact with subordinates uniformly because supervisors have limited time and resources. "In-group" subordinates perform their jobs in accordance with the employment contracts and can be counted on by the supervisor to perform unstructured tasks, to volunteer for extra work, and to take on additional responsibilities. Subordinates who perform only in accordance with the prescribed employment contract are characterized as "out-group" with limited reciprocal trust and support, and few rewards from their supervisors. The exchange between the superior-subordinate (dyad), a two-way relationship, is the unique basic premise and the unit of analysis of LMX.

Organizations are always faced with the increasing threat of domestic and global competition in this fast-changing technological world. The findings showed that there is a significant relationship between quality of LMX and organizational commitment. Researchers suggested that the quality of exchange relationships affect subordinates' commitment and good will. Since LMX is positively correlated with

turnover, support for innovation, performance, and productivity, it is important for organizations to initiate sound developmental programs in order to attain business success. Yet the quantitative researches suggested that the quality of exchange relationships is significant, and organizations should address these areas, and strive to provide an environment wherein high-quality exchange relationships can thrive. The study suggested that improving the quality of LMX will increase subordinates' sense of commitment and citizenship behavior; development and maintenance of a mature dyadic relationship will benefit not only the supervisors and the subordinates, but also the organization as a whole in the achievement of organizational growth and success.

Perceived Environmental Uncertainty

Employees work in a range of areas and subsequently have different organizational environments. Organizations operating in different political and social environments may choose to use different means to ensure the maximum organizational commitment from their employees. Environmental Uncertainty means lack of information regarding the environmental factors associated with a given decision-making situation; not knowing the outcome of a specific decision in terms of how much the organization would lose if the decision were incorrect; and inability to assign probabilities with any degree of confidence with regard to how environmental factors are going to affect the success or failure of the decision unit in performing its function. Researchers proved that there is a positive and significant relationship between organizational commitment and perceived environmental uncertainty. That is, the greater individuals' perception of uncertainty in the environment, the more committed they are to the organization.

Empowerment

Empowerment is the sharing of influence. Behaviors associated with empowerment include taking delight in an employee's development, realizing that visions are achieved by teams, and helping employees reach their personal goals. Employees do not often make decisions that are inconsistent with their goals, especially goals that they helped shape. Involving employees in the decision-making process and allowing them the freedom to be more responsible for tasks is symbolic of empowerment. Researchers proved that an opportunity to expand employees' knowledge and skills, access to information, adequate resources, and support from upper management was significantly related to their organizational commitment. The findings indicated that empowered employees that have sufficient opportunities, information, resources, and support will exhibit a stronger commitment to an organization. The subscales of empowerment; professional growth, status and self-efficacy were significant predictors of organizational commitment. Also, researches suggested that two forms of power (formal and informal) and work effectiveness variables (opportunity, information, resources, and support) related to organizational commitment. Formal power is considered being able to make vital decisions while serving in a crucial and visible position. Informal power is characterized by the influential partnerships formed in the workplace. At last Results indicated that empowered employees exhibit a strong commitment to an organization.

Human Resource Practices

Human Resource Management (HRM) involves all management decision and practices that directly affects the people, or human resources, who work for the organization. Human resources are significant strategic levers and the sources of sustained competitive advantage. Therefore, HRM refers to the overall philosophy about the organization and how people should be managed and is not merely limited to certain specific functions. HRM as a function of management has come a long way. The traditional version of HRM, Personnel management (PM) is a concept that can be conveniently related to the old model of organization, is bureaucratic in nature, with less flexibility, and higher degree of centralization

Copyright © 2012 IMSEC

and formalization, i.e., adherence to rules and regulation. HRM, on the other hand, is compatible with the organic design of new organization. Such organizations have cross-functional and cross hierarchical teams. They are decentralized and flexible, with low formalization and somewhat looser control. The new look HRM focuses more on commitment than on mere compliance. With the high costs involved in employee selection and recruitment, companies are increasingly concerned with retaining employees. Generating employee commitment is an important consideration for large and small organizations. Commitment is one of the factors of HRM policy for an effective organization. HRM focuses on congruence and commitment. Findings showed that various HRM practices were significantly predicting organizational commitment. Performance appraisal and 'attitudes towards HRM department' were the significant predictors of organizational commitment. There is a need to develop industry specific HRM policy and practices to remain competitive and to develop committed workforce. Further, satisfaction with policies, compensation, work conditions, and advancement were also played a significant role to develop organizational commitment.

Culture

Corporate culture can be referred to as a set of values, beliefs, and behavior patterns that form the core identity of organizations and that help in shaping their employees' behaviour. Corporate culture is not just any thoughts, values, and actions, but rather the unifying patterns that are shared, learnt, aggregated at the group level, and internalized only by organizational members. Corporate culture can also be defined as a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. These values are then taught to new members in the organization as the correct way to think and feel in relation to those problems. Researchers have identified several established dimensions of corporate culture relevant to corporate excellence: communication, training and development, rewards, effective decision making, risk-taking for creativity and innovation, proactive planning, teamwork, and fairness and consistency in management practices. The results revealed four dimensions of corporate culture such as communication; training and development; reward and recognition; and teamwork are positively associated with employees' commitment. Also, communication was perceived as a dominant corporate culture dimension; it was associated with significant improvements in employees' organizational commitment.

Psychological Wellbeing

In the present scenario, the term 'wellbeing' has been defined from varied perspectives and it is now widely accepted that to measure the success of an organization, the wellbeing of employees must be considered in terms of 'happiness'. As wellbeing refers to the degree to which an individual judges the overall quality of his or her life, it is also concerned with an individual's judgment regarding enduring mood (happiness) as well as evaluation of the self (satisfaction with one's physical and mental health and functioning) and its relation to the material and psychosocial environment (life satisfaction or work satisfaction). In other words, wellbeing can be built on happiness by using our own psychological strengths which encompasses pursuit of meaningful and developmental goals. At the same time, the difference between domain-specific wellbeing may also become imperative by the process labeled 'spillover' which is defined as the carry over effects of experience from one domain of life to another. For instance, poor wellbeing at work was shown to have negative impact on wellbeing at home. Researches are necessarily required for estimating the degree of wellbeing of an individual and substituting that degree of wellbeing in organizations for productivity and efficiency, as it has been hypothesized that happy employees are more productive, efficient and committed to their organizations. Psychological wellbeing is a seminal concept in the sphere of psychology and is seldom discussed in the field of

organizational behavior. It is a complex construct that concerns optimal psychological functioning and experiences and entails the perception of engagement with existential challenges of life, for e.g., pursuing meaningful goals, growing and developing as a person, and establishing quality ties to others. Some of the dimensions of psychological wellbeing are: self-acceptance, personal growth, purpose in life, environmental mastery, autonomy, positive relations with others etc. Researchers suggested that there is a significant relationship between wellbeing and organizational commitment. If an individual experiences satisfaction at the major domains (e.g. family life, social life and leisure life), it leads him/her to psychological wellbeing. Employees, who are competent to master their family and social life, experience environmental mastery, develop a sense of authority and elicit positive emotions of happiness and contentment. Competency for taking appropriate decisions promotes psychological wellbeing, increased decisional latitudes and freedom to voice his or her opinions. These in turn, mold an employee to be more commitment to the organization.

Conclusion

An individual's attitude to the organization is inferred by their loyalty to the firm and identification with its values. As a consequence, an individual's attitude reflects whether or not their connection with the organization is primarily based on economic motivations. The behavioral component of commitment reflects a person's willingness to expend effort on the organization, as well as his or her intention to remain in the organization. Individuals with high commitment to the organization view the pursuit of organizational goals as important, whereas those with low organizational commitment are primarily interested in pursuing self-interest. Researches stated that stronger commitment could result in less turnover and absenteeism, thus increasing an organization's productivity. There are so many factors that affect the commitment of employees, organizations should consider these factors to improve the commitment of their employees so that they are able to reduce labour turnover, absenteeism and increase their efficiency so that competitive advantage can be achieved.

References

Allen, M. W. 1996. The relationship between communication, affect, job alternatives and voluntary turnover intentions. *Southern Communication Journal*, 61 (3), 34-43.

Allen, N., Smith, C. 1993. Commitment to organizations and occupations: extension and test of a three-component conceptualization. *Journal of Applied Psychology*, 78, 538-551.

Allen, N.J., Meyer, J.P. 1993. Organizational Commitment: evidence of career stage effects. *Journal of Business Research*, 26, 49-61.

Boglera, R., Somech, A. 2004. Influence of teacher empowerment on teachers' organizational commitment, professional commitment and organizational citizenship behavior in schools. *Journal of Teaching and Teacher Education*, 20, 277–289.

Boon, O., Arumugam, V. 2006. The Influence of Corporate Culture on Organizational Commitment: Case Study of Semiconductor Organizations in Malaysia. *Sunway Academic Journal*, 3, 99–115.

Clayton, B. M., Hutchinson, M. R. 2002. Organizational commitment of accountants in Australia and South Africa. *SA Journal of Accounting Research*, 16 (1), 1 - 17.

Emine, D., Şensu, C. 2008. Organizational Commitment of Anadolu University Open Education Faculty Students. *Proceedings of World Academy of Science, Engineering and Technology*, 31, 2070-3740.

Garg, P., Rastogi, R. 2009. Effect of Psychological Wellbeing on Organizational Commitment of Employees. *The Icfai University Journal of Organizational Behaviour*, 8 (2), 42-51.

Copyright © 2012 IMSEC

Lynn, M., Shore, H., Martin, J. 1989. Job Satisfaction and Organizational Commitment in Relation to Work Performance and Turnover Intentions. *Human Relations*, 42, 625-638.

Maheshwari, S., Bhat, M., Saha, S. 2006. Commitment of Health Officials: Identifying Factors and Scope for Improvement. *W.P. IIM (Ahmedabad)*.

Maheshwari, S., Bhat, M., Saha, S. 2007. Implications of Human Resource Practices and Other Structural Factors on Commitment of Public Medical Professionals in India. *W.P. IIM (Ahmedabad)*.

Shahnawaz, G. M., Juyal, C. R. 2006. Human Resource Management Practices and Organizational Commitment in Different Organizations. *Journal of the Indian Academy of Applied Psychology*, 32(3), 171-178.

Smith, S.M. 2008. The impact of structural empowerment on project manager's organizational commitment. *Journal of Academy of Business and Economics*.

http://www.accessmylibrary.com/coms2/summary_0286-36519199_ITM

Sutanto, E.M. 1999. The Relationship Between Employee Commitment and Job Performance. *Journal Manajemen dan Kewirausahaan*, 1(1), 47 – 55.

Truckenbrodt, B. Y. 2000. The Relationship between Leader-Member Exchange and Commitment and Organizational Citizenship Behavior. *Acquisition Review Quarterly Summer*, 233-244.

Vandenberg, J. R., Lance, E. C. 1992. Examining the causal order of job satisfaction and organizational commitment. *Journal of Management*, 18(1), 153-168.

http://www.midwestacademy.org/Proceedings/2002/papers/Brown.doc.