

“Role of organizational commitment on Business performance with reference to manufacturing and service sector of north India”

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Organizational commitment is most often defined as a strong desire to remain a member, worker or employee of a particular organization; a willingness to exert high levels of effort on behalf of the organization; and a definite belief in, and acceptance of the values and goals of the institute¹. In other words, this is an attitude reflecting employees' loyalty to their organization and is an ongoing process through which organizational participants express their concern for the organization and its continued success and well-being². In the opinion of Robbins, Judge and Sanghi, organizational commitment means the degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.

Today's work place is enveloped by the fear of downsizing, loss of job security, overwhelming change in technology, and the stress of having to do more with less... (Need to) establish the type of caring, spirited workplace that will ignite employee commitment³.

Organizational commitment is an essential hierarchical and job approach that has intrigued numerous scientists in the fields of authoritative conduct in brain science, and especially social brain research over the previous years.

Primary Data

The study sample consists of 415 employees working in 20 companies of varied employee strength, from different industries and operational in various sectors from Delhi Haryana and Punjab. A total sample of 500 employees was targeted in all companies. A response rate of 83% was achieved by receiving 415 complete and usable responses. The companies selected are comprised of 65% of manufacturing and 35% of service sector.

Need of Organizational Commitment Every Business Industry needs 6M's for its functioning namely material, machinery, money, marketing, method and above all it needs men resource. In other words, human resources and for the better usage of these men resources are vital for any organizational efficacy. But the plenty of natural resources is not a requirement for prosperity as the wealth of a nation wholly and solely depends on its people as suggested and researched by various researchers till now. In modern world our environment is of more technology know-how and more global, competitive and in fact more complex and competitive than ancient times. Organizations recognize that, in order to compete and to survive in this competitive environment they must be adaptive to modest quality as well as cost conscious and innovation in this competitive business environment. Many organizations are facing hard challenges in improving

¹ Mowday, R.T., Porter, L.W. and Steers, R.M. Employee-Organization linkages, Academic Press, New York, 1982. In Fred Luthans. 2008, PP.147.

² Fred Luthans. 2008. Organizational Behaviour, Personality and Attitudes, The meaning of organizational commitment, Mc Graw Hill, Publications, P.147.

³ ADL Associates, Commitment: If you build it. Result will come, ADL Associates, Lewisville, Try, 1998, P.6.

employee’s job satisfaction and Organisational commitment in their pursuit to retain these talented work forces in their organization remains a challenge.

The prime objective of this study is to find out basic elements of organizational commitment and measurement of degree of commitment in selected companies, in this regard, we have analyzed the impact of organizational commitment experienced on Profit Growth Rate, Sales Growth Rate, Dispute Rate, Absenteeism Rate, and Staff Turnover Rate.

- 1- To study the impact of employee empowerment and organisational commitment experienced on organisational performance in selected companies.
- 2- To compare the employee empowerment experienced score of employees, in selected companies on basis of different demographic variables.
- 3- To determine the correlation between the various indicators of organizational performance namely Profit Growth Rate, Sales Growth Rate, Dispute Rate, Absenteeism Rate, and Staff Turnover Rate. (PGR. SGR. DR, AR, STR)

4- ANOVA for one-way classified data

5- The ANOVA is a powerful statistical tool for tests of significance. The basic purpose of analysis is to test the homogeneity of several mean prof R.A Fisher introduced the term Analysis of Variance in 1920’s to deal with the problem in the diversification technique and to compare these variables among different regions in the study area Bonferroni Post Hoc test is applied.

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9- Table ANOVA for One-Way Classified Data

Sources of Variation	Sum of Squares	d.f	Mean Sum of Squares	Variance Ratio
Treatment (Ratio)	S_t^2	k-1	$S_t^2 = \frac{S_t^2}{(k-1)}$	$F = \frac{S_t^2}{S_E^2} = F_{k-1, N-k}$
Error	S_E^2	N-k	$S_E^2 = \frac{S_E^2}{(N-k)}$	
Total	S_T^2	N-1		

Descriptive Analysis

Descriptive analysis refers to transformation of raw data into a form that will facilitate easy understanding and interpretation. Descriptive analysis deals with summary measures relating to the sample data. The common ways to summarizing data are by calculating average, range, standard deviation, frequency and percentage distribution. The first thing to do when data analysis is taken up is to describe the sample. In following section characteristics of sample data gathered during primary survey are described like age, gender, educational qualification, working experience and working sector

Table 5.1– Descriptive Analysis for Demographic Variables

Variable	Range	Frequency	% age
Gender	Female	171	41.2
	Male	244	58.8
Age	20-30	245	59.0
	30-40	110	26.5
	40-50	52	12.5
	50-60	8	1.9
Working Sector	Manufacturing	264	63.6
	Service	151	36.4
Qualification	Graduate	155	37.3
	Post Graduate	193	46.5
	Above PG	67	16.1
Work Experience	Up to 5 Yrs..	87	21.0
	6-10 Yrs..	194	46.7
	11-15 Yrs..	53	12.8
	16-20 Yrs..	35	8.4
	20 Yrs.. and above	46	11.1

Source: Compiled from Primary Sources

Table 5.1 provides a summary of the demographic profile of the respondents. The result shows that a majority of the respondents were male (n = 244, 58.8 per cent) with 41.2 per cent of the female respondent (n = 171).

- Descriptive Statistics and Results

Variable	Mean	Std. Deviation
Profit Growth Rate	58.567	100.799
Sales Growth Rate	22.871	15.132
Dispute Rate	2.551	0.603
Staff Turnover Rate	2.581	0.631

Absenteeism Rate	4.088	0.437
Employee Empowerment	3.146	0.840
Organization Commitment	2.969	0.765

Source: Compiled from Primary Sources

From the mean value analysis, it is indicative that the dispute rate (mean=2.551) is the most important and preferred indicator of business performance followed by staff turnover rate (mean=2.581). The mean rank (58.567) of the profit growth rate is highest, so it can be said that profit growth rate is the least reliable and preferred indicator of business performance from the respondent point of view.

Further from the mean value analysis, it is also suggestive that organization commitment (mean=2.969) is the most important and preferred explanatory variable to improve the development of the capabilities of the individuals and to improve business performance.

Post-hoc Test Results

In order to compare the mean score of employee empowerment and organization commitment reported by respondents and different demographic and socio-economic variables, post hoc test has been employed.

5.2 Difference in Employee Empowerment Experienced Score within Groups based on Age

H₀ There is no significant difference in employee empowerment experienced score within groups based on age

H₁ There is significant difference in employee empowerment experienced score within groups based on age

Table No. 5.3 Comparison of Mean Score of Employee Empowerment on Basis of Age Group

Age Group	N	Mean	Std. Deviation	F Value	P Value
20-30 Yrs..	245	3.0376	0.8501	7.948	0.000*
30-40 Yrs..	110	3.1793	0.7832		
40-50 Yrs..	52	3.6329	0.6522		
50-60 Yrs..	8	2.8538	1.2616		
Total	415	3.1462	0.8399		

*One Way ANOVA Applied P < 0.05 * Significant*

To analyse the mean difference in employee empowerment of respondents belonging to different age groups, one-way ANOVA technique has been applied. From the above table, it is revealed that there is significant difference between mean score of employee empowerment reported by respondents on the basis of their different age groups. Moreover, it is found that the F value for employee empowerment is 7.948, whose significant value is 0.000 which is less than 0.05 level of significance.

Post-hoc Tukey test

Pairwise Comparison		Mean Difference	Std. Error	Sig.
20-30 Yrs..	30-40 Yrs..	-0.1417	0.0941	0.4343
	40-50 Yrs..	-0.5953	0.1251	0.0000*
	50-60 Yrs..	0.1838	0.2944	0.9243
30-40 Yrs..	40-50 Yrs..	-0.4536	0.1379	0.0060*
	50-60 Yrs..	0.3255	0.3001	0.6991
40-50 Yrs..	50-60 Yrs..	0.7791	0.3112	0.0609

From the ANOVA results, it is depicted that there is statistically significant differences within different age groups. However, from the above multiple comparison table, it is clear that the respondents within age group 20-30 years have significant difference in mean employee empowerment with the respondents within the age group 40-50 years. While as respondents within the age group 30-40 Years have significant difference in employee empowerment with the respondents within the age group of 40-50 years. Further, no such relationship was seen in mean employee empowerment of respondents within the other age groups of the study area.

Difference in Mean Score of Organizational Commitment on Basis of Age Group

H₀ There is no significant difference in Organization Commitment experienced score within groups based on age

H₁ There is significant difference in Organization Commitment experienced score within groups based on age

Table No. 5.5- Comparison of Mean Score of Organizational Commitment on Basis of Age Group

Age Group	N	Mean	Std. Deviation	F Value	P Value
20-30 Yrs..	245	2.8932	0.7948	4.596	0.004*
30-40 Yrs..	110	2.9613	0.7436		
40-50 Yrs..	52	3.3170	0.5408		
50-60 Yrs..	8	3.1100	0.8691		
Total	415	2.9685	0.7653		

*One Way ANOVA Applied $P < 0.05$ * Significant*

Comparison of Mean Score of Organizational Commitment on Basis of Occupation

Occupation	N	Mean	Std. Deviation	F Value	P Value
Manufacturing	264	2.9575	0.7918	-0.388	0.698
Service	151	2.9878	0.7190		
Total	415	2.9685	0.7653		

In order to analyse the mean difference in organizational commitment of respondents engaged in different occupations, one-way ANOVA technique has been applied. From the above table, it is clear that there is no significant difference in mean score of organizational commitment reported by respondents on the basis of their different occupations.

Correlation between the various indicators of organizational performance namely profit growth rate, Sales growth rate, dispute rate, absenteeism rate, staff turnover rate (PGR.SGR.DR, AR, STR)

H₀: There is no significant correlation between the various indicators of organizational performance

H₁: There is significant correlation between the various indicators of organizational performance

Correlations		Profit Growth Rate	Sales Growth Rate	Dispute Rate	Staff Turnover Rate
Profit Growth Rate	Pearson Correlation	1.000	0.590	-0.319	-0.436
	P Value		0.000	0.000	0.000
	N	415	415	415	415
Sales Growth Rate	Pearson Correlation	0.590	1.000	0.033	-0.247
	P Value	0.000		0.501	0.000
	N	415	415	415	415
Dispute Rate	Pearson Correlation	-0.319	0.033	1.000	-0.019
	P Value	0.000	0.501		0.694
	N	415	415	415	415
Staff Turnover Rate	Pearson Correlation	-0.436	-0.247	-0.019	1.000
	P Value	0.000	0.000	0.694	
	N	415	415	415	415
Absenteeism Rate	Pearson Correlation	-0.157	-0.389	-0.569	0.042
	P Value	0.001	0.000	0.000	0.389
	N	415	415	415	415

The above table shows the correlation between all the variables of any organization over in this study. The correlation between Profit Growth rate, Sales Growth rate, Dispute Rate, Staff Turnover rate and Absenteeism rate is calculated by applying Pearson correlation coefficient method.

Inferences Based on Findings

In the view point of the findings empirical study, it is inferred that:

1. It is imperative to empower the employees in an endeavor to enhance organisational performance as the present study illustrates that the dimensions of employee

empowerment and organisational commitment have significant relationship with different indicators of organisational performance.

2. Employee empowerment level differs in selected companies on the basis of different demographic variables like from the ANOVA results, it is depicted that there are statistically significant differences within different age groups. However, it is clear that the respondents within age group 20-30 years have significant difference in mean organizational commitment level with the respondents within the age group 40-50 years. While as respondents within the age group 30-40 Years have significant difference in organizational commitment level with the respondents within the age group of 40-50 years. Further, no such relationship was seen in mean employee empowerment of respondents within the other age groups of the study area.
3. Out of Five indicators of business performance The findings of the study revealed that three main indicators show significant relationship with employee empowerment and organisational commitment.
 - A) Results of the study reveals that Employee empowerment impacts on profit growth rate significantly and positively.
 - A1) Similarly, the results show that organizational commitment affects profit growth rate positively. Thus, null hypothesis was rejected. It was also found that high level of organizational commitment among employees is an indicator of higher profit growth rate.

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