

# Building Employee Performance through Organisational Commitment

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The purpose of this research is to describe the level of organisational commitment and employee performance, and measure the effect of organisational commitment on employee performance. The method used in this research is descriptive verification. The data was obtained through the distribution of questionnaires, with an analysis unit of 225 employees in a large company in Indonesia. The results showed that the respondents' perceptions of organisational commitment were in the strong category, and employee performance was in the high category. Based on the results of the calculation of regression, it has proven that employee performance is influenced by organisational commitment in the very strong category. Thus, it can be interpreted that the high level of employee performance is built on the strength of organisational commitment. The results of this study are expected to contribute to the development of human resource management theory, specifically related to strengthening organisational commitment in order to improve employee performance. Practically, the results of this research can be used as a reference for companies to create a strong organisational commitment, so that the performance of employees increases.

**Keywords:** *Organisational commitment, Employee performance, Affective commitment, Continuance commitment, Normative commitment.*

## Introduction

Performance appraisal and measurement is an important part of the human resources (HR) management process to determine one's productivity level. The performance appraisal focusses on efforts to describe the results that have been achieved objectively, and is a process carried out by an organisation to evaluate or assess the success of employees in carrying out their duties (Bangun, 2012). When employees are able to show results that meet or exceed the target, they have a high level of productivity, whereas if they are below the standard, their productivity is

considered low (Mathis & Jackson, 2011). Employee performance appraisal can also be done by comparing the results of the work achieved in the present with the results of the previous work.

The success of employees reaching or even exceeding their performance targets is influenced by the strength of their commitment (Mathis & Jackson, 2011; J. Meyer & Allen, 1998). Organisational commitment reflects a strong level of trust in the organisation by showing a willingness to make a significant effort for organisational success (J. P. Meyer & Herscovitch, 2001; J. P. Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). Organisational commitment not only means passive loyalty, but also involves active relationships and the desire of employees to make a meaningful contribution to the organisation. The higher the commitment, the higher one's tendency to be directed at actions that are in accordance with the employee performance standards (Chughtai & Zafar, 2006). In the world of work, employee commitment to the organisation is very important because if the workforce is committed to the organisation, they will be more productive. Organisational commitment is categorised into three components, namely effective commitment, continuance commitment, and normative commitment (Meyer & Allen, 1998). Normative commitment is described as the moral commitment of employees who are present when an organisation provides moral value and financial support for the development and needs of its employees (J. Meyer & Allen, 1998; Randall & O'driscoll, 1997).

Organisational commitment is a behavioural dimension that can be used to assess the tendency of employees to remain as members of the organisation. Organisational commitment is the desire of members of an organisation to maintain its membership and be willing to work hard to help achieve organisational goals (Mowday, Porter, & Steers, 1982). There are two factors that affect the performance of HR, namely, the internal factors of the organisation, consisting of commitment, loyalty, motivation, discipline, leadership, work culture, and communication; and the external factors, consisting of the environmental culture, government policy, impact globalisation, and partnerships (Robbins & Judge, 2016; Yuniarsih & Suwatno, 2016).

This study aims to analyse the effect of organisational commitment on employee performance in large companies in Indonesia. This study uses an explanatory survey with data collection techniques through questionnaires. It is anticipated the study will be used as input for policy makers related to employee performance and organisational commitment.

## **Literature Review**

### ***Employee Performance***

Performance is an expression of workers' self-potential to fulfil their responsibilities by setting certain standards (Machmud & Ahman, 2019; Herlinawati, et al., 2019; Herlinawati &

Machmud, 2020). Performance is one of the total collections of work found in workers (Withmore, 1997). Another opinion explains performance as a work achieved by a person or group of people in a company, relating to the authority and responsibilities of each in an effort to achieve the company's goals legally by not violating the law, and in accordance with the applicable morals and ethics (Rivai & Basri, 2004; Ghani, Yasin & Mohd Ali, 2019). In line with these two opinions, performance is an effort issued by an individual on his or her work to achieve company goals (Robbins, 2001). Based on the explanation above, related to performance, it can be concluded that employee performance is the result of the work achieved by employees in a company, in a certain period, and in accordance with the standards and provisions of a company.

The criteria used to assess employee performance includes: the quantity of work, which is the amount of work done in a given period; the quality of work, which is the quality of work achieved and based on the determined conditions of conformity; 3) job knowledge, which is the breadth of knowledge about the job and its skills; 4) creativeness, namely the authenticity of the ideas raised and actions in resolving existing problems; 5) cooperation, which is related to the ability to cooperate with other people or fellow company workers; 6) dependability, namely an awareness in trust related to the presence and completion of work; 7) initiative, namely the enthusiasm in working on new tasks and enlarging work responsibilities; and 8) personal qualities that are related to the personality, leadership, hospitality, and personal integrity of a worker (Bernandin & Russell 2001).

There are two variables that affect performance, namely: individual variables consisting of gender, age, work experience, educational background, motivation, physical condition, and personality; and situational variables consisting of policies, types of training and development, wage systems, social environment, work methods, work equipment, workspace settings, noise, irradiation, and temperature (McCormick & Tiffin, 1974). In addition, other opinions explain there are also three factors that affect the performance of individual employees, namely: the ability of individuals to carry out the work; the level of effort carried out; and the organisational support (Mathis & Jackson, 2006).

### ***Organisational Commitment***

Organisational commitment is defined as an affective response to the organisation as a whole, which then shows an affective response to specific aspects of work (William & Hazer, 1986). Furthermore, organisational commitment is the loyalty, identification, and involvement expressed by employees, the organisation or the unit of the organisation (Gibson et al., 2000). It is an attitude that shows employee loyalty and is a person's ongoing process of expressing his concern for organisational success (Luthans, 2006).



Organisational commitment consists of three dimensions. First is affective commitment, which occurs when employees want to become part of the organisation due to emotional or psychological ties to the organisation. Second is continuance commitment, which appears when employees persist in an organisation because it requires salaries and other benefits or the employee does not find another job. In other words, the employee lives in the organisation because he needs the organisation. Third is normative commitment, namely commitment to the organisation is something that must be done. Thus, the employee lives in the organisation because he feels obliged to do so (Allen & Meyer, 1991).

Employees with high commitment are expected to be able to produce optimal performance. When someone joins an organisation, they are required to have a commitment in themselves. Low commitment raises problems for the organisation because commitment is an expensive commodity that determines the success of the organisation. Low commitment reflects the lack of responsibility of someone in carrying out their duties. The higher one's commitment to the task, the higher the performance will be generated, which leads to a higher level of assessment (Wright, 1992). In the same vein, Rivai (2005) states that organisational commitment has a significant effect on performance. The higher the organisational commitment of employees, it will increase the employees' individual performance.

The achievement of the effectiveness and efficiency of organisational performance depends greatly on the success of the leader in carrying out his HR management, especially with regard to optimising the use of humans to grow organisational commitment. This is believed by Chew and Chan (2008), and Das (2002) as one of the strong determinants for an organisation's success in achieving its performance targets. The company's superior performance is largely dependent on the work of employees who are committed to their organisations. Basically, organisations need employees who have a strong organisational commitment, so that the organisation can survive and be sustainable, and improve the products and services it produces (Acar, 2012).

Consistent organisational commitment is a form of emotional and psychological attachment to the organisation. The trends show that individuals with a strong commitment to the organisation will feel cohesive, happy, and proud to be members of the organisation (Aghdasi, Reza, & Naveh, 2011). They will further strengthen the institutional existence of the organisation. In other words, workers who are strongly committed will not involve themselves in the resignation process, even though they feel there is dissatisfaction, because their sense of loyalty and commitment to the organisation is stronger. They assume that the emergence of dissatisfaction is a natural condition in an organisation (Robbins & Judge, 2016).

## Methods

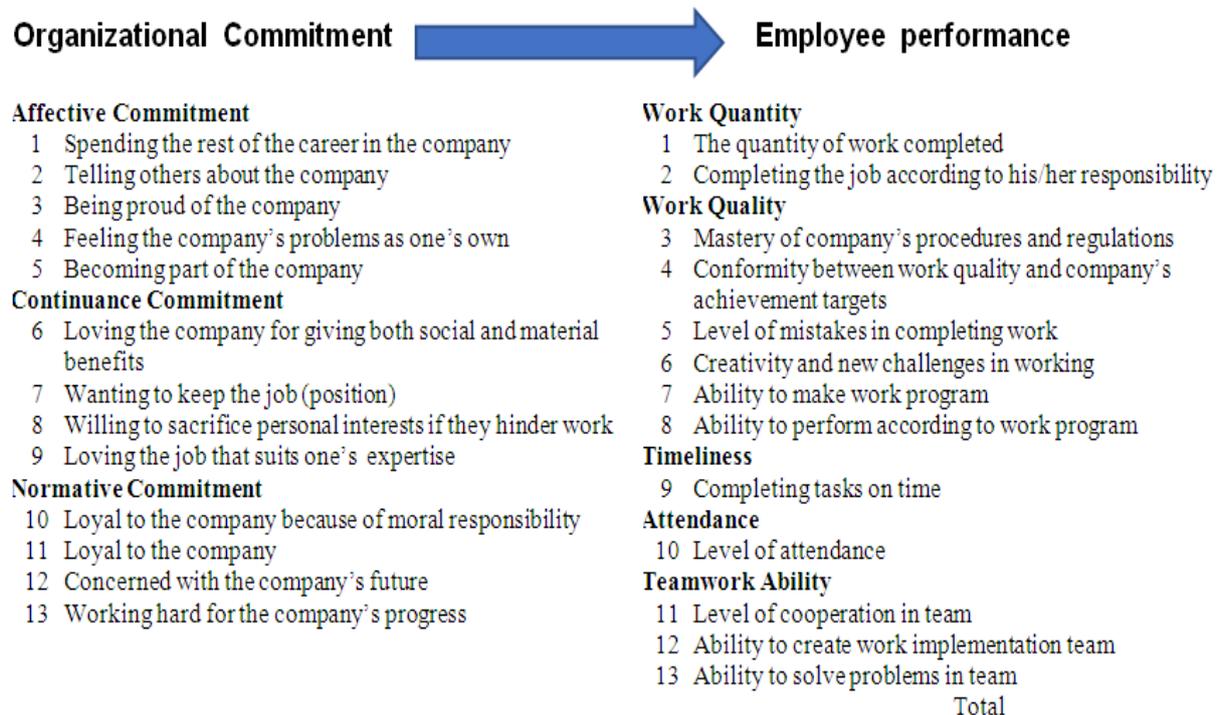
### *Sample Selection*

The population of this study includes all permanent employees in one of the major companies in Indonesia, totalling 163 people. The determination of the sample size was completed using the Slovin formula, obtaining a sample unit of 116 people. Based on gender, the distribution of respondents consisted of 63 female employees and 53 male employees. The 116 members of the analysis unit were of productive age, and in the age range of 25–56 years. The sampling technique was completed by proportionate random sampling.

### Research Instrument

Organisational commitment in this study consists of three dimensions: affective commitment, ongoing commitment, and normative commitment. In contrast, employee performance consists of five dimensions: quantity of work, quality of work, timeliness, attendance, and ability to work together. The indicators of each variable are shown in the research model in Figure 1.

**Figure 1.** Research Model



### Data Analysis

Data processing and analysis uses a quantitative approach to measure the effect of organisational commitment on employee performance. For the purposes of quantitative

analysis, each answer to the research questionnaire was scored using a Likert scale. Alternative answers were provided, including 'Strongly Agree' (ST), 'Agree' (S), 'Neutral' (KS), 'Disagree' (TS), and 'Strongly Disagree' (STS). The answers on each instrument item use a Likert scale with a grading from 'strongly agree' to 'strongly disagree', with scores ranging from 'five' to 'one'.

To determine the effect of organisational commitment on employee performance, a simple regression analysis is used, following the equation:

$$Y = a + bX$$

Where a: Constants

b: Change coefficient

Y: Employee performance

X: Organisational Commitment

**H1:** Organisational Commitment Influences Employee Performance

Before testing the hypothesis, validity and reliability testing is completed, as well as testing the classic assumptions, such as normality, autocorrelation, and heteroscedasticity.

## **Results and Discussion**

### ***The Result***

The validity test was completed by looking at the count of each statement item in the instrument with a significance level of five per cent. The validity test results show that each statement item for the organisational commitment variables, and employee performance variables has a value of  $r_{count} > r_{table}$ , meaning that each item of statement can be declared valid. Just like the validity test, the reliability test is performed by looking at the internal coefficient values of all items  $r_{count} > r_{table}$  with a significance level of five per cent. Subsequently, the statement items are also declared reliable, as the reliability test results show that the organisational commitment variable count is 0.866, and the employee performance variable count is 0.951, with a value of table of 0.70. Before conducting a simple regression test, the classic assumption test is performed, which is the statistical requirements that must be met in the regression analysis. The requirements are assessed through a normality test, autocorrelation test, and heteroscedasticity test. The normality test is used to determine whether a data variable is dependent or independent and has a normal distribution or not. The results show that the spread data is seen around the diagonal line and follows the direction of the diagonal line. The regression model shows that the normality requirements can be met.

Table 1 shows the results of the autocorrelation test. The results showed that the value of Durbin Watson (d) was 2.130. Subsequently, based on the Durbin Watson table, it is known that the dL value is 1.77525, the dU value is 1.7927, the 4-dL value is 2.22475, and the 4-dU value is 2.2073. Therefore, the value of  $dU < d < 4-dU$  ( $1.7927 < 2.130 < 2.2073$ ), meaning that there is no autocorrelation free, and therefore the autocorrelation test requirements are accepted.

**Table 1:** Autocorrelation Test

**Model summary<sup>b)</sup>**

R	R Square	Adjusted R Square	Std, Error of the Estimate	Durbit Watson
0.315 <sup>a</sup>	0.099	0.095	4.290	2.130

a. **Predictors: (constant), Organisational Commitment**

b. **Dependent Variable: Employee Performance**

A heteroscedasticity test is performed to determine in a regression whether there is an inequality of variance from the residuals of one observation to another. If the variance from residual observations to another observation is different, it means that there are symptoms of heteroscedasticity. The heteroscedasticity test results indicate that the significant value of the independent variable in this study is organisational commitment, at around 0.54. This means that the significance value of organisational commitment is greater than 0.050. It can be concluded that there is no multicollinearity, and therefore the heteroscedasticity test can be accepted. The results are shown in Table 2.

**Table 2:** Heteroscedasticity test

Model	Sig.
<b>(Constant)</b>	<b>0.865</b>
<b>X</b>	<b>0.539</b>

To see the effect of organisational commitment on employee performance, a regression analysis was performed, with the results shown in Table 3.

**Table 3:** Coefficients Regression

Model		Unstandardised Coefficients	
		B	Std. Error
	Constant	8.916	2.216
	Organisational Commitment	0.306	0.084

$$Y = 8.916 + 0.398 X$$

$$R = 0.866$$

$$R^2 = 0.75$$

t count = 4.024

Where:

Y = Employee Performance

X = Organisational Commitment

From the equation, the constant value of 8.916 shows that if organisational commitment is ignored, the amount of employee performance is 8.916. The regression coefficient on organisational commitment with employee performance is 0.306. This means that if there is a change in one unit of organisational commitment, there will be an increase in the value of employee performance by 0.306. In other words, the better the organisational commitment, the more employee performance will increase. The relationship between organisational commitment and employee performance, as included in the criteria, is very strong. The magnitude of the coefficient of determination is 75.1 per cent. This means that changes in employee performance by 75.1 per cent are influenced by organisational commitment, and 24.9 per cent are influenced by other factors which are not included in this study.

An organisational commitment with affective, sustainable, and normative dimensions obtained a t count of 3.634. Meanwhile, in the t table it was at a significance level of 0.05, with degrees of freedom (dk)  $N-2 = 116-2 = 114$ , obtained t table of 1.980. Therefore, the t arithmetic =  $3.634 > t \text{ table} = 1.980$ . In other words, the affective, sustainable, and normative dimensions stated an influence upon employee performance.

## Discussion

The organisational commitment in the directorate of HR at big firm in Indonesia, and as a whole, is included in the high category, which is between 5528–7540, with a score of 5730. This shows that every employee must have a commitment to be able to align themselves with the value system and work culture in the company. Therefore, all large firm employees must position themselves to unite their beliefs and determination in order to be able to apply work attitudes and behaviour in accordance with the value system and work culture adopted by the company, which is codified in the company's code of conduct.

The total score of the organisational commitment variables was obtained from the results of the three-dimensional measurement variables, consisting of affective, sustainable, and normative. These three dimensions are taken based on the concept of organisational commitment (Allen & Meyer, 1990; Allen & Meyer, 1996). Organisational commitment in general, as a psychological relationship between employees and their organisations, makes it less likely that employees will voluntarily leave the organisation (J. P. Meyer & Allen, 1991). The organisational commitment found in the directorate of HR at a big firm in Indonesia was

predominantly affective commitment, where the highest question item scores stated that this company gives pride to its employees. This is supported by previous research according to Rashid, Sambasivan, and Johari (2003), that employees who are affective committed can contribute more to organisational success than sustainable employees or employees who are normatively committed.

Lastly, in relation to the performance of employees in the directorate of HR at a big firm in Indonesia, it can be concluded that the overall employee performance is included in the high category, which is between 5528–7540, with a score of 5759. The total score of the employee performance variables was obtained from the measurement of the five dimensions of variables consisting of work quantity, quality of work, timeliness, presence, and ability of cooperation.

The performance of employees in the directorate of HR at a big firm in Indonesia was mostly concerned with the quality of work, where the highest question item scores stated that the quality of employee work was determined in accordance with the company's achievement targets. The big firm, designs and implements training programs and develops employee competencies continuously to maintain the quality of company performance and productivity. Every employee has an equal opportunity to improve competence according to their potential, abilities, and skills.

Organisational commitment has a positive and significant effect on employee performance. This means that the affective, sustainable, and normative dimensions have an effect on employee performance. The results of this study are in line with research which states that commitment has been repeatedly recognised as a significant factor in determining employee work behaviour in organisations (Mowday, Steers & Porter, 1979; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Meyer & Herscovitch, 2001). Commitment is a factor that connects employees with organisations (Meyer & Allen, 1998) and helps organisations succeed (Fornes, Rocco, & Wollard, 2008). In addition, organisational commitment was found to have a positive relationship with some beneficial work. According to Suliman and Iles (2000), organisational commitment is "the driving force behind organizational performance". Organisational commitment is positively related to performance (Chughtai & Zafar, 2006).

## **Conclusion**

Based on the results of the research and using descriptive verification methods for 116 employees in the HR Division at one of the major companies in Indonesia, it was proven that organisational commitment had a positive and significant effect on employee performance. The level of organisational commitment that includes affective, sustainable, and normative commitments which is perceived by HR employees in large companies in Indonesia, is in the strong category. Employees have their own pride in staying afloat and contributing to the



company. Likewise, the level of performance of employees in the HR Division at one of the big companies in Indonesia was in the high category. By prioritising the quality of work of employees, one of the major companies in Indonesia manages HR with the paradigm of "Human Capital Management" which sees HR as an asset that needs to be continually developed in knowledge, skills, and behaviour, so that its value continues to increase through integrated development programs. It can be interpreted that the performance of employees of the HR Division at large companies in Indonesia is built by their organisational commitment

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