

Full Length Research Paper

Effects of employees' commitment on organizational performance at Arjo Didessa Sugar Factory

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Presently, no organization can perform at peak levels unless each employee is committed to the organizations objectives. Hence, it is important to understand the concept of commitment and its feasible outcome. The employees in sugar industry play decisive role in transferring the theory to practical in order to enhance development of industry. The objective of this study was to determine the effects of employee commitment on performance of organization based on a case study of Arjo Didessa Sugar Factory. To attain this, the study determined factors that affect employee commitment in the study area and also attempted to identify the relationship and their effect between employees' commitment, and factors affecting employee's commitment, as well as the relationship and their effect between employees' commitment models and organizational performance at Arjo Didessa Sugar Factory. The research is a cross-sectional study. 261 employees and four management members were selected as sample of the study. Standardized questionnaires were distributed, filled, and collected. Statistical package for social sciences (SPSS) was used to process and analyze the data collected from the respondents through correlation; and regression analyses were performed to determine the association between dependent and independent variables. Additionally, employees' commitments were found to have effects on the organizational performance in the study area. Based on the regression results, employees' commitments models have effects on performances for the organization at Arjo Didessa Sugar Factory. Thus, recommendations have been provided to increase commitment by designing motivational package, and establishing sustainable regular training program in the company.

Key words: Employee's commitment, organizational performance, motivation, training and development.

INTRODUCTION

In today's competitive world, every organization is faced with new challenges regarding sustained productivity and creating committed workforce. Hence, it is important to understand the concept of commitment and its feasible outcome (Dixit and Bhati, 2012). It is no longer good

enough to have employees who come to work faithfully every day and do their jobs independently. Employees now have to think like entrepreneurs while working in teams and have to prove their worth. People are the most important drivers of a company competitive advantage

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(Maugo, 2013).

People management is an important aspect of organizational processes. This emanate from the recognition that the human resources of an organization and the organization itself are synonymous. A well-managed business organization normally considers the average employee as the primary source of productivity gains. These organizations consider employees rather than capital as the core foundation of the business and contributors to the firm's development (Kabir and Parvin, 2011).

To ensure the achievement of firm goals, the organization creates an atmosphere of commitment and cooperation for its employees through policies that facilitate employee satisfaction. Satisfaction of human resource finds close links to highly motivated employees. Motivated employees then develop loyalty or commitment to the firm resulting to greater productivity and lower turnover rates (Kabir and Parvin, 2011).

The workforces today are filled with various mindsets. Over the past few years, there have been numerous supports on human capital development, lifelong learning and continuous attention on soft skill development. Nevertheless, many a times, issues are only attended to at the surface level but not to the roots of the cause. Human beings are highly associated with emotion and intelligence. Therefore, the requirement to fulfill human need hierarchy is rather an important aspect especially on satisfaction and motivation (Yukthamarani et al., 2013).

Employee commitment always plays a very key role in improving the organizational performance. The organizational performance can be measured through a lot of ways for example, company employee turnover, return on equity etc. Employee commitment can be enhanced through their involvement in assessment construction and providing them with the chance for better insight on the whole procedure of the organization performance measurement (Dost and Ahmed, 2011).

Igella (2014) recommended that the research should be carried out in another sector in order to broaden the understanding of the term commitment in relation to that sector. The reason for carrying out further research in that direction is that the factors that may strongly influence employee commitment in the service industry could differ in the production industry. Being able to understand these factors in the production industry as well would be very helpful in shedding light on other organizational.

In manufacturing industry especially in sugar industry, there is limited research related to commitments of human resource. As the industry needs technical staffs from its nature there should be investigation about the employee's attitude towards their organization, how the commitments have been influenced and the practical effects of employees' commitment in order to attain the desired organizational goal effectively.

Therefore, the purpose of this study is to investigate

factors affecting employees' commitments, identify relationship between employee's commitment and organizational performance and finally, identify the effects of employees' commitment upon the organizational performance in the case of Arjo Didessa Sugar Factory.

Hypothesis

H1: Employees' commitment has no significant relation with demographic factors; work environment; motivation and training and development.

H2: There is no significant relationship between employees' commitment models and organizational performance in the study area.

H3: Factors affecting employees' commitment have no effect on employees' commitment in the study area.

H4: Employees' commitment models have no effects on organizational performance in the study area.

Significance of the study

This study provides guidance to the management at different level and employees of Arjo Didessa Sugar Factory, and other similar sugar industries to understand factors that affects employees' commitment and effects of employees' commitments to organizational performance. Moreover, there is lack of studies concerning employees' commitment in the study area. Thus, this study makes suggestions to the management for further implementation, and gives a better understanding on the work environment for Arjo Didessa Sugar Factory as manufacturing industry. In addition, the study makes a contribution to future research in human resource management.

METHODOLOGY

An explanatory approach has been used to examine the relationship between commitment of employees and organizational performance in sugar industry, in the case of Arjo Didessa Sugar Factory by Pearson correlation. Additionally, the relationship of the variables, and the influence of independent variable (employees' commitment) upon dependent variable (organizational performance) undertaken through linear regression analysis were investigated.

The research approach that is used for this study is both quantitative and qualitative research approach. The reason for choosing quantitative research approach is due to the fact that it involves data that uses statistical analyses to obtain their findings. Similarly, there was qualitative data gathered through interview from management that cannot be analyzed statistically but interpreted accordingly to attain the desired objectives. Focus was on a sample size of 265 employees ranging from top management personnel, middle managers, supervisors and the lower level employees.

To determine an adequate sample size that estimate the population prevalence with a good precision Daniel (1999) formula was used. This is because if this proportion is larger than 5% ($n/N > 0.05$), the formula with finite population correction should be used

Table 1. Correlation of factors affecting employee's commitment (EC).

Variable		Employees' commitment
Motivation	Pearson correlation (R)	0.538**
Work environment	Pearson correlation (R)	0.545**
Training and development opportunity	Pearson correlation (R)	0.628**
Demographic factors	Pearson correlation (R)	0.442**

Source: SPSS output from survey data (2017).

Table 2. Correlation of Employees' commitment models and OP.

Model of commitments		OP
Affective commitment	Pearson correlation	0.478**
	Sig. (2-tailed)	0.000
Continuous commitment	Pearson correlation	0.648**
	Sig. (2-tailed)	0.000
Normative commitment	Pearson correlation	0.756**
	Sig. (2-tailed)	0.000

Source: SPSS output from survey data (2017).

(Naing et al., 2006).

$$n' = \frac{NZ^2P(1-P)}{d^2(N-1) + Z^2P(1-P)} \quad (1)$$

where n' = Sample size

N= population size

Z= Z statistical for a level of confidence (95%)

P= expected population (in proportion of one) (0.5)

d= precision (in population of one) (5%).

In this study, primary data were collected through questionnaires from employees and interview with top management. Mainly quantitative data were collected using likert scale questions to obtain relevant information from the sample employees. From distributed questionnaires, 100% of them were filled by respondents and collected from the respondents. In addition, officials were interviewed and observation of the researcher was deployed. From secondary sources; statistics of employees and allowance package documents have been reviewed. The questionnaire is the most appropriate means to involve large sample population to collect the necessary information within a given time frame. In the design of these instruments, the researcher made use of the literature review as a base from studies of Njenga et al. (2017), Jaros (2007), Irefin and Mechanic (2014), and Oluyinka (2012). The questionnaires were prepared for 261 employees of Arjo Didessa Sugar Factory. Once the data were collected, the researcher used statistical techniques to analyze the information. Data were entered and analyzed using recent statistical package for social sciences (SPSS) version 20.0. Correlation analysis statistical tools were used to align with the objectives of the research, and to test the relationship between the variables.

DISCUSSION

The first objective of this study was to examine the

factors that affect employees' commitment. The findings obtained from the study shows that factors like motivation, work environment, demographic factors and training, and development opportunity have strong influence on employees' commitment even though the scale of influence varied depending on a survey of respondent's results (Table 1).

As described by Andy (2006), correlation is a commonly used measure for the size of an effect: values of 0 ± 0.1 represent a small effect, 0 ± 0.3 is a medium effect and 0 ± 0.5 is a large effect. Here, correlation analysis conducted in the light of each research objectives and hypotheses were developed. The relationship between factors employee commitment and employees' commitment was analyzed using correlation analysis that indicates the strength and direction of relationship.

Hence, the correlation result on Table 1, clearly revealed that motivation has moderate positive relation $r = 0.538$ with employees' commitment. Accordingly, work environment has a moderate positive correlation coefficient of $r = 0.545$, which implies that it has strong positive relation with employees' commitment. Similarly, training and development indicates a correlation coefficient of $r = 0.628$, which implies that training and development opportunity has a strong positive correlation with the dependent variable employees' commitment. As clearly stipulated on the same Table 1, demographic factors have a positive relationship with employees' commitment with coefficient of $r = 0.442$.

The second objective of the study was to identify the relationship between employee's commitment models, and organizational performance. The relationship between employees' commitment models and organizational performance are described in the Table 2. As described, affective commitment is moderately $r = 0.478$, and both continuous commitment and normative commitment are strongly correlated to be $r = 0.648$ and 0.756 , respectively to organizational performance.

The regression analysis was conducted to know how much the independent variable explains the dependent variable. It is also used to understand how much each independent variable (Factors influencing Employees' commitment) explains the dependent variable (Employee commitment). Therefore, regression analysis of employees' commitment and factors influencing employee

Table 3. Coefficients /Results of regression analysis of factors affecting EC.

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	8.269	1.653	-	5.001	0.000
Motivation (M)	0.446	0.077	0.305	5.772	0.000
1 Work environment (WE)	0.201	0.078	0.149	2.567	0.001
Training and development opportunity (TD)	0.346	0.063	0.358	5.455	0.000
Demographic factors (DF)	0.255	0.119	0.124	2.150	0.003

$$EC = 8.269 + (0.446)M + (0.201)WE + (0.346)TD + (0.255)DF + E.$$

Source: SPSS output from survey data (2017)

Table 4. Regression of EC on OP.

Model 1 summary										
Model	R	R square	Adjusted R square	Std. Error of the estimate	Change statistics					
					R Square change	F change	df1	df2	Sig. F change	
1	0.724 ^a	0.525	.517	4.62596	0.525	70.636	4	256	0.000	

^aPredictors: (Constant), demographic factors, motivation, work environment, training and development opportunity.

Source: SPSS output from survey data (2017).

Table 5. Coefficients of ECM.

Coefficients ^a						
Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	13.962	1.443	-	9.674	0.000	
1 Affective commitment	0.359	0.105	0.217	3.405	0.001	
Continuous commitment	0.265	0.143	0.149	1.846	0.006	
Normative commitment	0.454	0.100	0.339	4.536	0.000	

^aDependent variable: Employees' commitment. $Y_{ii} = 13.962 + 0.359AC + 0.265 CC + 0.454 NC + E.$

Source: SPSS output from survey data (2017).

commitment was conducted, and the results of the regression analysis are presented.

The third objective of the study was to identify the effects of factors affecting employees' commitment on the employees' commitment. There is an effect of motivation, work environment, training and development and demographic factors on employees' commitment which was analyzed using correlation and regression analysis (Table 3).

As stated in Table 3, the third hypothesis is that motivation, work environment, training and development and demographic factors are significant predictors of employee commitment. The results of the regression analysis indicated the B value for motivation was 0.446 at $t = 5.772$ (p -value ≤ 0.00) for work environment, Beta values 0.201 at $t = 2.567$ (p -value ≤ 0.01) for training and development, Beta value is 0.346 at $t = 5.455$ (p -value ≤ 0.00) and demographic factors Beta value 0.255 at $t=0.255$ (p -value 0.003).

Accordingly, an increase in one percent of motivation result in 44.6% (sig. 0.000) changes shows the effect on employees' commitment, while an increase in one percent work environment result in a 20.1% (sig. 0.001) effect on employees' commitment. Similarly, as one percent of demographic factors (like education background, age and work experience) increase, it can result in a 25.5% increase in employees' commitment (Table 4).

Finally, the fourth objective of this study was to identify the effects of employees' commitment models on the organizational performance. There is an effect of affective, normative, and continuous commitment on organizational performance which was analyzed using correlation and regression analysis (Table 5).

In addition, regression analysis result revealed an increase in one percent of affective commitment result in 35.9% effect on organizational performance, while an increase in one percent normative commitment result in a

Table 6. Model summary of R square of ECM on OP.

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Change statistics				
					R square change	F change	df1	df2	Sig. F change
1	0.762 ^a	0.581	0.576	5.39471	0.581	118.724	3	257	0.000

^aPredictors: (Constant), normative commitment, affective commitment, continuous commitment.
Source: SPSS output from survey data (2017).

45.4% effect on organizational performance, similarly, a 1% increase in continuous commitment has a 26.5% effect on organizational performance.

According to the regression analysis in Table 6, the independent variables: employees' commitment models (affective, continuous and normative commitment) have 58.1% ($R^2 = 0.581$) effect on dependent variable organizational performance. Thus, all the four null hypotheses are rejected and alternative hypothesis are accepted.

Conclusion

The study has identified the general information of respondents such as age, gender, work experience in the company and educational background. The result indicates that there are young age groups, qualified and majorities are male. Researcher identifies the factors that influence employee commitment and the relationship between employees' commitments through correlation. Similarly, the relationship between employees' commitment models and organizational performance has been reviewed. The researcher examines the effects of factors that influence the employees' commitment on the intentions/commitment of the employees in the study area. Hence, motivation, work environment, training and development and demographic factors have effects on the commitments of employees. Finally, the researcher examines the effects of employee commitment models on performance of the organization.

RECOMMENDATIONS

This study provides useful contribution for the Sugar Corporation of Ethiopia, Arjo Didessa Sugar Factory, which has value in ensuring employees commitment to attain the desired performance economically. Nowadays, human development and their readiness to engage in the organizational operations are crucial for business organization in order to use competitive advantage. To achieve the desired performance at organizational level, the treatment taken at individual level has its own contribution. Thus, the following recommendations are necessary:

1. Organizations are facing several challenges as a result

of the dynamic nature of the environment. One of the many challenges for a business is to satisfy its employees in order to cope up with the ever changing and evolving environment, and to achieve success and remain in competition. Hence, Arjo Didessa Sugar Factory (ADSF) advised to give attention to work environment such as proper work environment, fair and transparent treatment among staff members during promotion and other opportunity given to attract professional staff from outside.

2. If the empowerment and recognition of employees is increased, their motivation to work will also improve, as well as their accomplishments and the organizational performance. Thus to get maximum performance from staff, ADSF should emphasize on developing motivational package in order to encourage creativity and competition among the staff.

3. Industries are required to meet standard set. To ensure this training and development opportunity, ADSF ought to establish and maintain regular training program and should design training and development system.

4. Committed employees bring added value to the organization through their determination, proactive support, relatively high productivity and awareness of quality; hence ADSF emphasizes on employee commitment.

SUGGESTION FOR FUTURE RESEARCH

Since the current research considered only Arjo Didessa Sugar Factory, Ethiopian Sugar Corporation found it difficult to generalize employee's commitment in the sugar industry as a whole. Only some factors that affect employee's commitment and models of employees' commitment at individual level towards organizational performance have been studied. Thus, future researchers can replicate insights gotten from the current study, and consider other possible factors that affect organizational performance in sugar factory.

CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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