EMPLOYEE COMMITMENT AND ORGANIZATIONAL PERFORMANCE: A STUDY OF A COOPERATIVE JUTE MILL IN INDIA

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ABSTRACT

Assam Co-operative Jute Mills Ltd. being in the cooperative sector is unique of its kind in the country. Though it has a glorious history, it plunged into oblivion for running around one and a half decade due to its internal crisis. But with pressure from the public and the employees it was re-opened and since then it never looked back. Obviously the reasons behind the organization’s revival and sustenance are worth exploring. The study attempts to find out the presence of Employee Commitment in the organization and its relationship with Organizational Performance. The study also explored and revealed the reasons behind the lack of performance during certain periods.

Keywords: employee commitment, work involvement, organizational performance.

Introduction:

The Assam Co-operative Jute Mills Ltd. is the only Jute Mill in the country in the Co-operative Sector. It was registered in the year 1959 under the Assam Co-operative Societies Act and after much struggle it was commissioned in the year 1970 with the initial investment of around Rs. 150 lakhs. But the Mill after running for about 14 years in rough weather had to close down during March 1984 for about 2 years due to acute financial crisis and other infrastructural problems. The Mill was re-opened on 1st January 1986 under public demand with the financial assistance from the Central Government as well as State Government. However, in spite of sufficient government assistance, financial depression developed due to imbalance in the income and the expenditure. The mill experienced teething operational problems due to huge accumulation of unsettled liabilities, shortage of working capital etc. But, after continuous struggle and efforts, the mill started improving its economy from the year 1992-93 and thereafter making progressive net profits. Now, the mill is completely free from all loans and liabilities, and has achieved an economically viable position. Today it provides direct employment to about 800 men. The mill has institutionalized corporate governance and discipline in all aspects of its functioning. During the year 2007-08 the mill achieved the highest ever turnover of Rs. 18.67 Crores and best ever profitability after tax of Rs. 1.83 Crores.

Objectives and method:

Looking at the above background it ignited the researchers to find out the reasons behind this revival of the organization with a focus the following objectives.

i. To determine the level of employee commitment in ACJM.

ii. To explore the relationship between “Employee commitment” and the “Organizational performance” in ACJM.

The sample included all executives and staff, and 50% of workers from each department (12 departments). The response rate of the former was 76% and that of the latter was 78%. Questionnaires and schedules were used to gather the primary data. An extensive study of the available secondary sources of data available in the organization was carried out. Primary data was analyzed with SPSS.

Literature Review:

Organization commitment can be defined as affiliation of employees to the organization and involvement in it. In general, there are three dimensions of commitment which are continuance commitment, affective commitment and normative commitment (Allen and Meyer, 1991). According to them commitment can be seen as an affective point of reference towards the organization (affective
commitment), acknowledgement of the consequences of leaving the organization (continuance commitment), and an ethical responsibility to stay with the organizations (normative commitment). All these types are independent in nature and are shown by individuals at different levels in an organization (Meyer & Allen, 1997). Porter et al., (1974) defined the organizational commitment as believing and accepting the goals and values of the organization, and possessing and showing desire to be part of it. Committed employees show strong intentions to serve their organizations and are low at their intentions to leave (Hunt and Morgan, 1994; Robbins and Coulter, 2003; Mowday, Steers, & Porter, 1982).

Gbadamosi (2003) contends that the more favourable an individual’s attitudes toward the organization, the greater the individual’s acceptance of the goals of the organization, as well as their willingness to exert more effort on behalf of the organization. Mathieu and Zajac (1990) believe that developing a better perception of the progression associated with organizational commitment has an effect on employees, organizations and the world in general. The level of employees’ organizational commitment will possibly ensure that they are better suited to receiving both extrinsic rewards (which include remuneration and benefits) and psychological rewards (which include job satisfaction and associations with fellow employees) related to associations.

Organizational commitment is generally assumed to reduce abandonment behaviours, which include tardiness and turnover. In addition, employees who are committed to their organization may be more willing to participate in ‘extra-role’ activities, such as being creative or innovative, which frequently guarantee an organization’s competitiveness in the market (Katz & Kahn 1978). Emotional attachment to the objectives and values of an organization is commitment (Buchanan 1974). Organizational commitment is “the aggregate internalized normative demands to perform in a manner which meets organizational objectives and interests” (Wiener, 1982).

A person with high job satisfaction appears to hold generally positive attitudes, and one who is dissatisfied to hold negative attitudes towards their job (Robbins 1993). If job satisfaction is absent and other work opportunities present, turnover could well increase (Martins & Coetzee 2007). Individuals who earn more are not necessarily more satisfied in their jobs (Spector 2008). An immediate supervisor’s behaviour is also a determinant of job satisfaction (Spector 1997). Employee satisfaction increases when the immediate supervisor is understanding, friendly, offers praise for good performance, listens to employees’ opinions and shows personal interest in them (Robbins 1993). Employee dissatisfaction may result if an employee perceives that their efforts are not recognized or that their rewards are not equitable, tied to their performance or tailored to their needs (Robbins 1993). According to Ghazzawi (2008), an employee’s coworkers, the groups they belong to, and the culture to which an individual is exposed all have the potential to influence job satisfaction.

Somers and Birnbaum (1998) studied the relationship of career commitment to performance effectiveness and reported a positive relationship. Jackofsky (1984), found out that low commitment is leading to high rate of turnover, whereas higher the level of job satisfaction through job security entails high level of organizational commitment which further leads to improved employees job performance (Yousuf,1998).

Commitment of employees can be an important instrument for improving the performance of the organizations. In most of the organizations the high rate of stress leads to lower satisfaction and in turn produces very low organizational commitment (Elangovan, 2001). A study conducted by Chughtai and Zafar (2006) among university teachers of Pakistan concluded that highly committed teachers outperform vis-à-vis uncommitted teachers. Shore, Barksdale and Shore (1995) studied 231 managers and 339 subordinates in multinational firms in United States and found that affective commitment and job performance are positively correlated.

A study carried out by Chen, Silverthrone and Hung (2006) indicated a positive relationships between organizational communication, organizational commitment and job performance. Clarke (2006) studied the commitment and network performance in UK based health care units and found that commitment may play a significant role specifically with performance outcomes.

Rashid, Sambusvani and Joari (2003) studied 202 managers in Malaysian companies and their research findings suggested that corporate culture and organizational commitment are interrelated and both have far reaching impacts on the performance. The above literature review reveals that there is some definite relationship exists between organizational commitment and employee’s job performance.

**Findings and discussion:**

The study reveals that the majority (66%) of the Executives & Staff and the Workers (86%) are willing to spend the rest of their career in the ACJM, which shows there is a strong commitment in terms of intention to stay in the organization. It was found that majority of workers mentioned that a slight increase in pay may not motivate them to leave the organization but at the same time responded that money was important. Though majority of the executives and staff disagreed that they stay in ACJM because of scarcity of available alternatives but it is significant that majority (64%) of workers agreed that they are continuing their job in ACJM as because they do not have available alternatives if they leave the job. Majority of the Executives & Staff and also workers mentioned that they have enough authority to do the job, but the sense of commitment in terms of the work independence seems to be more in the former (88%) than that of the Workers (77%) in ACJM. Majority of the employees both Executives & Staff (68%) and a large
majority of the Workers (95%) are satisfied with their job as it meets the expectation they had from the organization. This feeling brings the employees a sense of involvement in their job and to the organization in turn which is a determining factor of the level of commitment of the employees. Though majority of the Executives & Staff feel that they are involved in their work not because of the superiors’ appreciation of the work however, 58 % of the workers feel that their superiors’ appreciation of their work make them feel more involved in their work.

All Executives & Staff feel that they are given independence at work or they work as they desire hence, are committed to their work. 90% of the workers also feel the same. Majority of the employees are satisfied with the working conditions of the ACJM and do not feel the work stress. Majority of the employees in each category agreed that they would complete their daily assignments irrespective of the time spent in the workplace. Thus they revealed a high level of work commitment.

The study also showed that all employees had a high level of identification with the organization. Almost all the respondents considered the problems of ACJM as their own. A higher number of executives and staff (83%) and workers (85%) felt that complementing the organization was like complementing them. Majority felt that ACJM is a friendly place to work. They felt themselves an integral part of the organization and highly responsible for organizational performance. Majority believe that emotional attachment to the organization is important for better organizational performance.

Majority of executives and staff (85%) and workers (72%) are satisfied with the leadership and management style. A large majority mentioned that they can communicate effectively with their seniors. A large majority over 90% agreed to being committed to the mission, objectives and values of the organization. All executives and staff, and 84% of workers felt that the organization culture should be based on cooperation and trust. Majority of workers in contrast to the executives and staff felt that quitting the organization would mean violating the trust. Large majority of executives and staff (85%) in contrast to moderate number (53%) of workers felt that remuneration is an important motivational factor. Though majority of both the categories mentioned that appreciation of work is an important motivational factor but at the same time a higher percentage (35%) could not make a comment hinting that perhaps the same may not be practiced often. Thus it was observed that the respondents had all the three types of commitment namely, continuance, affective and normative, though of varying degree.

By framing several hypotheses, relationship between different variables were explored by performing chi-square tests. These are discussed below-

**Variables related to employee commitment:**

**Hypothesis-1:**

H₀: The tenure of the service is not a determining factor in the turnover of the employees or the tenure of the service has no relation with the intention to leave the organization.

H₁: Tenure of the service is a determining factor in the turnover of the employees or the tenure of the service has strong relation with the intention to leave the organization.

**Analysis:**

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>76.365</td>
<td>56</td>
<td>.037</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>84.365</td>
<td>56</td>
<td>.008</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>5.921</td>
<td>1</td>
<td>.015</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>194</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

The p value is .037 (<.05) and thus it is found to be significant. Hence the null hypothesis can be rejected. Hence, we conclude that there exist a relationship between the tenure of the service and the willingness to stay in the organization.

**Hypothesis2:**

H₀: There is no relation between the job meeting the expectation from the organization and the intention to stay in the organization.

H₁: The job meeting employee expectation is positively related to employee intention to continue working in the organization.

**Analysis:**

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>47.763</td>
<td>16</td>
<td>.000</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>35.197</td>
<td>16</td>
<td>.004</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>2.442</td>
<td>1</td>
<td>.118</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>194</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interpretation:**

The p value is .000 (<.05) and thus it is found to be strongly significant. The null hypothesis is rejected while the alternative hypothesis is accepted. Hence, we conclude that the job meeting employee expectation is positively related to employee intention to continue working in the organization.

**Hypothesis 3:**

H₀: Job tenure has no relation with the commitment in terms of feeling of affiliation to the organization.
H1: Job tenure of the employee has an impact in the commitment in terms of feeling of affiliation to the organization.

Analysis:

Chi-Square Tests:

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>45.300</td>
<td>28</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>41.016</td>
<td>28</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>2.774</td>
<td>1</td>
</tr>
</tbody>
</table>

N of Valid Cases: 193

a. 26 cells (65.0%) have expected count less than 5.
The minimum expected count is .06

Interpretation:
The p value is .021 (<.05) and it is found to be statistically significant. The null hypothesis is rejected while the alternative hypothesis is accepted. Hence, we conclude that job tenure of the employee has an impact in the commitment in terms of feeling of affiliation to the organization.

Relationship of commitment variables with the performance of the individual employee in the organization:

Hypothesis 1:

H₀: Employee commitment in terms of obligation towards the values, goals etc of the organization does not complement to the overall performance through employees’ timely completion of the assigned job.
H₁: Employee commitment in terms of obligation towards the values, goals etc of the organization, complements to the overall performance enhancement through employees timely completion of the assigned job.

Analysis:

Chi-Square Tests:

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>32.699</td>
<td>16</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>31.514</td>
<td>16</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>1.666</td>
<td>1</td>
</tr>
</tbody>
</table>

N of Valid Cases: 192

a. 16 cells (64.0%) have expected count less than 5.
The minimum expected count is .23.

Interpretation:
The analysis reveals that the p value in the chi-square test is 0.008 (<.05), hence, it is found to be statistically significant. The null hypothesis is rejected while the alternative hypothesis is accepted. Hence, we can conclude that there is a relationship between commitment in terms of loyalty of an employee and the productivity and the quality of the work in the organization.

Hypothesis 2:

H₀: There is no relation between the commitment in terms of loyalty of an employee and the productivity and the quality of the work in the organization.
H₁: There is a relationship between the commitment in terms of loyalty of an employee and the productivity and the quality of the work in the organization.

Analysis:

Chi-Square Tests:

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>57.891</td>
<td>16</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>49.076</td>
<td>16</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>.122</td>
<td>1</td>
</tr>
</tbody>
</table>

N of Valid Cases: 194

a. 16 cells (64.0%) have expected count less than 5.
The minimum expected count is 15.

Interpretation:
The analysis reveals that the p value in the chi-square test is 0.000 (<.05), hence, it is found to be strongly significant. Thus, we can conclude there is a relation between the commitment in terms of loyalty of an employee and the productivity and the quality of the work in the organization.

Hypothesis 3:

H₀: There is no relation between the commitment of an employee in terms of low absenteeism in the workplace and the productivity in the organization.
H₁: There is a relation between the commitment of an employee in terms of low absenteeism in the workplace and the productivity in the organization.

Analysis:

Chi-Square Tests:

<table>
<thead>
<tr>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>48.013</td>
<td>16</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>36.326</td>
<td>16</td>
</tr>
<tr>
<td>Linear-by-Linear</td>
<td>.463</td>
<td>1</td>
</tr>
</tbody>
</table>

N of Valid Cases: 191

a. 17 cells (68.0%) have expected count less than 5.
The minimum expected count is .03.

Interpretation:
The analysis reveals that the p value in the chi-square test is 0.000 (<.05), hence, it is found to be strongly significant. Thus, we can conclude there is a relation between the...
commitment of an employee in terms of low absenteeism in the workplace and the productivity in the organization.

Hypothesis 4:

H₀: There exists no relation between commitment in terms of identification and attachment to the organization and the organization’s overall performance.

H₁: Employee commitment in terms of identification and attachment to the organization has a positive impact in the organization’s overall performance.

Analysis:

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymp.Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>29.791</td>
<td>16</td>
<td>.019</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>24.683</td>
<td>16</td>
<td>.076</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>3.192</td>
<td>1</td>
<td>.074</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>191</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interpretation:

The analysis reveals that the p value in the chi-square test is 0.019 (<0.05), hence, it is found to be significant. Therefore, H₀ is rejected. Hence, Employee commitment in terms of identification and attachment to the organization has a positive impact in the organization’s overall performance.

Analyzing Organizational Performance:

A variety of secondary data pertaining to the average rate of production over the period, employee turnover, absenteeism trend, absence rate, profit earned, sickness rate, accident trend, hands per metric ton, machine capacity utilization and wear & tear, achievement of target etc. were considered. This data belonged to the period 2005-2011.

The Average production in (MT)/day the period 2005-2011 is depicted in fig. 1 below.

![Fig 1: Average production in (MT)/day](image)

The data in the above chart clearly show a gradual increase in the production from 2005-06 to 2009-10. However, the production level dropped by 1.09 M.T in the period of 2010-11. That was a subject of significant interest to the researchers because the testing of hypothesis indicated a positive between employee commitment and performance. Thus the researchers tried to find out the other probable causes behind this like, the number of accidents, employee sickness, wear and tear of machines, reluctance of employees, absenteeism, labour turnover, influence of market demand, other external factors etc. These are discussed below.

The Percentage of the Accidents in the Factory from 1999 to 2011 is depicted in figure 2.

![Fig 2. Percentage of accidents from 1999 to 2011](image)

It is observed that the percentage of accidents have been reduced over the period from 1999 to 2011. Hence, accidents being very less in numbers cannot be the cause behind the decreased production in 2010-2011.

In order to analyze whether the percentage of the sickness of the employees in the ACJM can be a cause of decrease in production, requisite data were collected from the Medical & Health Officer of the Hospital of ACJM (refer fig.3). These data show that the number of permanent employees, who were recorded as sick, has increased in the period of 2010-11 from 2.22% to 2.51%. More number of the patients were advised to go on leave. It is observed that even if the patient gets recovery from sickness, he may not be able to work efficiently as usual immediately after the recovery as the work required handling of heavy machineries and standing constantly for long hours. However, the rate of sickness is not alarming at present.

Effort was also given to find out whether the wear & tears of machines can be a cause of drop in the production in the period of 2010-11. It was observed that though the machines and the tools of the ACJM are old and they are carrying out regular preventing maintenance (overhauling, cleaning, etc), but this may not enhance the efficiency of the machinery. Whereas this may not explain the drop in production in a particular year but definitely it is a critical signal for bad days ahead. This may be the reason for the organization not meeting and targeting a higher level of production.
The researchers also tried to explore whether the employees deliberately were reluctant to enhance the production by utilizing their capability.

Fig. 4. Hands per ton

Fig. 5. Hands per ton 2011 (January to August)

Fig. 4 shows that over the period of 2008-09, 2009-10 & 2010-11, there is a gradual decrease from 38.32 hands per Metric ton in 2008-09 to 37.97 hands per metric ton in 2010-11. In addition, on analysis the 1st quarter of the 2010-11 financial year(fig.5), it is seen that the average has dropped remarkably nearer to the standard set (standard hands per metric ton=35) which was not achieved before. The gradual decrease in the ‘Hands Per Metric Ton’ indicates that the workers have been putting their effort to enhance the level of production.

Data was also collected to find out whether labour turnover can be a cause of lower production certain period(s).

The above figures show that labour turnover may not be significant enough to lower the production in the period 2010-11. However, an increase in turnover rate of the executives has to be noted down carefully for future action.

Data was also collected to find out the Rate of absenteeism over the period of 2008-09, 2009-10and 2010-11, so as to ascertain whether this can be a reason for a low level of production in the ACJM during those periods.

Fig. 7. Rate of absenteeism

Fig. 8: % of absenteeism

A slight increase in absenteeism rate is observed in 2010-2011. The researchers tried to explore whether accidents and sickness can be the reasons because from the feedback received from the respondents, it could be said that they do not wish to be willingly absent. The rate of accidents may not be the cause, as depicted in figure 2. The figures show that the increase in the percentage of the sick employees increased the rate of absenteeism. These employees are advised to go on leave depending on the nature of sickness.
The researcher also tried to find out whether any other external causes had negative impact on the level of production. Table 1 shows the influence of the market on production due to fluctuation of the demand of the products.

<table>
<thead>
<tr>
<th>Month</th>
<th>Twine Production @ Rs 32/kg</th>
<th>Sack/ cloth@Rs 55/kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2010</td>
<td>Restricted</td>
<td>Produced</td>
</tr>
<tr>
<td>August 2010</td>
<td>Restricted</td>
<td>Produced</td>
</tr>
<tr>
<td>Sept 2010</td>
<td>Minimized</td>
<td>Produced</td>
</tr>
<tr>
<td>Oct 2010</td>
<td>Restricted</td>
<td>Produced</td>
</tr>
<tr>
<td>Nov 2010</td>
<td>Minimized</td>
<td>Produced</td>
</tr>
<tr>
<td>Dec 2010</td>
<td>Minimized</td>
<td>Produced</td>
</tr>
<tr>
<td>Jan 2011</td>
<td>Restricted</td>
<td>Produced</td>
</tr>
<tr>
<td>Feb 2011</td>
<td>Restricted</td>
<td>Produced</td>
</tr>
<tr>
<td>March 2011</td>
<td>Minimized</td>
<td>Produced</td>
</tr>
</tbody>
</table>

Table 1: Influence on market demand on production:

On enquiry it was found that production of twine was deliberately restricted in several months (refer table 1), however production of sack was carried out using the same input with the intention of making more profit (higher selling price). But on analysis of their annual profit (fig. 10) it was found that ACJM was not successful in this strategy as the profit during 2010-2011 went down.

**Conclusion:**

This study could establish the fact that the revival of this unique organization was possible because of the commitment of the employees towards the organization, their work, mission, objectives and values of the organization, and their positive attitude towards the organization culture. Nevertheless it can be seen that the leadership styles and the kind of management has an enormous contribution in building up this commitment, providing employee satisfaction at workplace and also shaping a good organization culture. A positive relationship between this employee commitment and performance could also be proved by the researchers. However it is heartening that inspite of this high level of employee commitment, the organization is restricting its performance due to several reasons leading to underutilization of the capabilities of their human resources. A threadbare analysis of the case revealed that the organization is still using very old machines and technology which face frequent wear and tear. Hence, its time that ACJM has to take up action to bring in new technology. Perhaps that can help to reduce absenteeism due to sickness. Modernization and restructuring including gearing up the Human Resource department could be useful. The researchers found that the employees are not highly paid. Majority of the executives and staff, and a moderate number of workers agreed that money is an
important motivating factor to continue a job in an organization. Further it is observed that majority workers are continuing working in ACJM because lack of other job opportunities in the vicinity. But as executives and staff belong to other places (in contrast to workers) lack of adequate remuneration and permanency of the job force them to leave. This is reflected in the turnover rate of this category of employees. Hence, the organization can very well think of some effective remuneration plan for the good performers. ACJM should also try to appreciate their employees more for the good work done. It was good to see that the employees greatly identified themselves with the organization and worked with great zeal. Thus, ACJM can take advantage of this mindset of their people to set an example to others in the cooperative sector through their performance.

References:


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