Organizational Behaviour

Worth of employee motivation and commitment on loyalty and its consequences

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ABSTRACT
This study encompasses a collection of reviews given by researchers regarding highlighting the importance of employee commitment on loyalty and its consequences. The core idea has derived from the current scenario where organizations are putting forward their efforts to retain their employees for the success and goodwill of their own. This article is featuring a complete and comprehensive study work that can help organizations and managements to drive out best outcomes of their employees. The information provided in this article has enclosed by the data received through 220 structured questionnaires. From the top leading organizations working in two main provinces of Pakistan this data was collected to ensure the accuracy of information. Data was further analyzed through Statistical Software of Social Sciences (SPSS) and hypotheses were tested through Structural Equation Modeling (SEM) Technique. All hypotheses were accepted which means motivation and commitment of employee imparts a significant contribution in the loyalty of that employee. In this context, this paper makes a humble attempt to clear the concept behind the relationship of employee commitment with loyalty and motivation.

Introduction
Although a great deal is known for employee commitment but reason for the selection of this topic is to make its worth understandable and to examine its impact on organization. Though fragmented and somewhat unsystematic, there is a fairly sizeable body of research linking commitment of employees with their organizations but dealing with this topic in a different style and with a new approach that will directly reflect its importance and its need for which every organization should focus if one seeks for betterment with comforts. Started review by examining direct impact of employee commitment on organizations with its fundamentals. Employee commitment refers to willingness of an employee to work in an organization with his devotion and by utilizing all his skills the best, he can.

This study provides knowledge about affiliation of an employee with his organization, his loyalty and his aim to perform his job if not above the mark then at least up to the mark. There are many evidences that demonstrate the benefits of organizations for having a strongly committed workforce. Review of the research demonstrates that employees who are committed to an organization are usually not willing to leave their organizations (Mathieu & Zajac,1990; Tett & Meyer, 1993) and more likely to be good organizational citizens (Meyer et al., 2002; Meyer et al., 2002). They always perform their duties effectively (Cooper-Hakim &Viswesvaran,2005; Riketta, 2002), and tried to be good organizational citizens (Meyer et al., 2002; Meyer et al., 2002). Committed employees always act as a backbone for the success of an organization as said, commitments which reflect an effective attachment and involvement with the target are of greater benefit than those based on concerns over social or economic costs (Cooper-Hakim & Viswesvaran; 2005; Meyer et al., 2002). Employee commitment directly affects all other employee behaviors in an organization which refers to efficiency and effectiveness of their work performance. Employee behaviors that are not in direct relation with their commitment includes voluntary turnover (Mowday et al.,1982), employee performance working in an organization (Meyer et al.,1989), organizational citizenship (O'Reilly& Chatman,1986; Shore& Wayne, 1993) and absenteeism (Mowday et al.,1982). Various strategies are applied by managements of different organizations to make their employees committed so that maximum benefit can be availed by the organization that can result in better output and can increase good will in market. For this sake, organizations always tried to provide their employees with friendly management with whom employees can share their problems and can drive better solutions. Previous researches shows that those organizations who creates and maintains good quality employee-manager relationships gets more benefit from higher levels of employee motivation, commitment and job satisfaction, which in turn impacts positively on performance and the intention to stay in an organization (e.g. Becker et al., 1996; Benkhoff, 1997). Motivation is another most influential element for the organizations.

Motivation deals with encouragement and appreciation of the employees working in an organization and stands as one of the most effective tool for creating best results. Motivation can be carried out in various ways like providing employees with some extra benefit, by appreciating their performance, by awarding them and etc. As said, extrinsic motivation can be any worthy material, reward or benefit associated with giving by the organization its employee, such as thank-you gestures and tax breaks (Dan et al., 2009), Maslow’s model of motivation shows needs and demands of employees by satisfying basic need of employee’s organizations can earn life time commitment and
loyalty of their employees. Employee commitment and motivation holds bonding with employee loyalty, which actually makes it worthy and important from all aspects.

Employee loyalty refers to faithful service in an organization, where employee works from dawn to dusk to facilitate his organization the best he can and tries to be an effective output for his organization with his honesty and integrity. Loyal employees result in countless benefits for organizations (Brian et al., 2001). Employee loyalty creates positive impact on an organization and results in remarkable performances of employees. Employees put forward their extra efforts in their work, serve as positive public relations representatives when they are outside of the organization, and go above and beyond the limits in doing little things that can stand helpful for the organization’s effective functioning (cf. Mowday et al., 1982; O’Reilly & Chatman, 1986; Organ, 1988). Employees who are more concerned about their organizations get directed them towards employee loyalty. Whenever the employees are satisfied from their organizations their willingness for leaving their jobs get decreased and their loyalty increases ultimately (Hussain, 2012).

Employee loyalty has direct relation with its consequence i.e. expansion. This study deals with these consequences of employee loyalty. Acquiesce and propensity to leave both holds a broad scope of discussion. Employee loyalty deals with both this factors in a way that if employee is loyal to his organization and is satisfied then none can exploit his loyalty. If an organization is not focusing on its employee’s needs and is not stepping forward to make its employees committed and loyal then definitely employees will move to others best options available in market, which will directly affect smooth and effective working of an organization and will act as a barrier for the ensuring the success of an organization. Wezel and colleagues (2006) noted same factual problems for Dutch accounting firms that lose employees, especially when the employees move in groups to nearby firms. Many researchers are of opinion that employee commitment is the only pillar that can provide support to employee loyalty and can deal best with its consequences. Objectives of this research are different from other researchers in a way that want to investigate following queries. Focus is

- To study employee loyalty through commitment
- To investigate consequences of the employee loyalty
- To explore the commitment and loyalty of employee with organization

**Literature Review**

Motivation plays a vital role in making employees of the organization committed and loyal. It deals with making them satisfy from their work place by providing them different motivational elements like rewards, awards etc. The desire of managing other’s evaluations (Baumeister, 1982, 1998; Jones & Pittman, 1982; Leary & Kowalski, 1990; Tedeschi & Riess, 1981) motivates employees being human beings. This natural phenomena that whenever someone appreciates or praises performances of employees in an organization, as in result of that employees tried their level best to perform according to the will of that particular motivator. People who are encouraged by others even get convinced to change their social behaviors to suit particular contexts (Leary et al., 1994). As fact it is true that if any person is motivated by others for anything than he get convinced to change himself/herself for the sake of suiting some special attributes that demands change in his/her behavior. Rewards in real time approach enhance people’s motivation and performance (Cameron et al., 2001). The motivational elements like rewards for the better performance of employees acts as a backbone for encouraging them to work hard and to remain loyal with their organization which actually makes them committed and convince them to work as hard as they can for proving themselves loyal with their working place. Few early researches shows that negative impact and effect of rewards are pervasive (Deci et al., 1999); whereas others are of a view that negative effects are limited (Cameron & Pierce, 1994, 2002; Eisenberger & Cameron, 1996). Many researchers considers that motivational rewards creates negative effects on other employees and disturbs the smooth working environment of organizations this might be true in few cases but can’t be generalized upon all because motivational rewards always encourages employees to work with their loyalty, makes them committed and proves to be a helping tool for creating better outputs in organizations. There are few studies that shows positive effects of tangible rewards on intrinsic motivation (e.g., Harackiewicz et al., 1984). One cannot deny from the importance of motivation in any aspect because it directly affects the efficiency and effectiveness of employees working in an organization. There are many evidences which shows that rewards which are given for achievement of challenging performance standards can result in high task interest (see Harackiewicz & Sansone, 2000, for a similar theoretical analysis). Very often organizations assign their employees with difficult goals to achieve for the sake of which organization provides its employees with rewards to encourage them and to attain maximum benefit. Employee motivation and employee loyalty walks side by side. They both play a vital role in creating employee committed with his organization.

Employee loyalty plays a role of a major step in ensuring employee commitment. Employee loyalty is a commitment employee for the success of an organization, and their personal recognition that working for that organization is best option for them (Pina e Cunha, 2002). It makes employees satisfied from the depth of their hearts and convinced them to consider their organization as best opportunity for their success. Employee engagement is an individual’s involvement in his organization and satisfaction with his job, as well as enthusiasm for the work (Harter et al., 2002). Employee loyalty with his organization deals in various manners. Sometimes it is because of employee’s satisfaction from his/her job; sometimes it is because of his/her involvement in an organization, which directs his excitement and affiliation with his/her work place. A very important aspect of employee satisfaction is the perceived competence of management’s communication (Madlock, 2008). Employee loyalty is attained by the organization when its management is more concerned about their employees and when the communication gap do not exist between any level of management starting from top to bottom. For knowledge-intensive organizations employee loyalty is as important as customer loyalty is (Pina e Cunha, 2002; Alvesson, 2001). The organization who understands the importance of employee loyalty always consider customer and employee loyalty at the same edge which actually pays them a lot in a way that their employees remain loyal to their organizations. Numbers of theorists have clearly highlighted the causation and importance of relationship between organization’s reputation and employee loyalty (Gotsi & Wilson, 2001; Welch and Jackson, 2007; Brown, 1995). It is visible from earlier researches that employee loyalty directly effects the reputation of organization, if an organization is having loyal and committed employees then ultimately good will of that particular organization always increases in market. Senior most management always seek to
ensure and elaborate the value of competent employees in the organization to encourage employee identification with the corporate identity, which in return always strengthens the internal reputation (Gotsi & Wilson, 2001). Management always look forward to encourage their employees by ensuring their importance in an organization that actually gives strong hold to good internal reputation. Usually organizations design their different training programs like workers training, performance appraisal system, different rewards according to their different laws and policies that organizations are having for their employees. All these efforts are made to make employees loyal to their organization and to make their tenure long with the organization (Rai Imtiaz Hussain, 2012). Different strategies are applied by different organizations to make their employees satisfied by the organization and to ensure their loyalty with it. Employee responds in many ways to his organization for all the efforts and responses that are given to him by his organization, one of them is his loyalty, willingness to work i.e. expansion.

Employee loyalty has direct influence on expansion because it regulates the proper and flawless working environment in an organization where everyone seeks to prove him/herself and tries their best to increase output of their organization by remaining loyal and committed to their work place.

Peters & Waterman (1982) provide the relationship of motivation and employee loyalty by stating that those people who are motivated by their organizations through an essential dualism always seek to be confirm members of winning and efficient team and wishes to stay in their own right. Employees who are satisfied with their jobs, continuously motivated and are satisfied by the organization where they are hired are always willing to continue relationship with their organization. Finck et al., (1998) are of a view that business can be successful only when employees are motivated and excited to work. According to Pinder (1998), Ambrose & Kulik, (1999) work motivation may be considered as a influence of internal and external forces that effect work related employee behavior and explore its form, duration, intensity and direction. Successful and worthy organizations knows the importance of loyal employee and understands that it will result in a better business outputs, so many are focusing on measuring employee loyalty and considering hard to motivate their employees for the sake of making them satisfied and happy. Employee loyalty and highly motivation of employee is holding a vast scope of importance because of a fact that motivated and loyal employee’s act in the best interest of an organization. Researches show that there is a strong relationship between employee loyalty and motivation in one way or the other. At the same edge researches provides many benefits to the organizations for having committed employees.

Here employee’s commitment with his organization provides benefits to the organization in many ways. Berry (2002) said that various researches shows that when organizations make efforts to support their working employees, to make them satisfied with their work than employees in return gives exceptional services both to organizations and fellow employees. Alexander E et al., (2013) said that it’s a first priority of service organizations to develop organizational culture that motivate and engage employees for best outputs. Chung-Chieh Lee and Chih-Jen Chen (2013), said in human resource management the most controversial and important topic in these days is job behavior and employee commitment which is linked with work motivation and work-values. Allen (1991), shows the concept of organizational commitment that embraces three dimensions, featuring emotional affiliation of employee with his organization, perceived cost to employee of leaving his organization and responsibilities and concerns that keep employees within an organization. Employee commitment not only makes employee loyal to their organization but also stands as a success factor for the organization. Employee commitment not only makes employee loyal to their organization but also stands as a success factor for the organization.

Outcomes of employee loyalty deals in two dimensions of creating impact one is positive mode, which directs employee willingness to stay in his organization and the other negative mode that directs willingness of employees to leave the job. Employee willingness to work in an organization can be attained in different ways as Vittell and Singhapakdi (2008), studies have shown that researchers have increasingly recognized that for better organizational performance effective human capital management is of great importance (Grant 1996; Hitt et al. 2001). A large number of strategic human resource management (HRM) research shows that the use of work systems that ensure high performance or HR practices that are designed to increase employee competencies, performance and motivation. Moreover these are inclined with lower number employee turnover (e.g., Huselid, 1995), more labor productivity (Datta et al, 2005), lower chances of injuries and better safety performance (Zacharatos et al., 2005), and better company performance (e.g., Huselid, 1995). Companies can use different HR practices to fulfill the requirements of particular employee groups (Miles & Snow, 1984). This shows that companies are ensuring every possible tool to make their employees satisfied by the organization so that their willingness to work in companies never ends.

Hypotheses, perspective:

Various researches and studies clearly dignify employee commitment in organizations. Mowday, Porter and Steers (1982) said, commitment is the relative strength of an individual’s identification with, and involvement in a particular organization. Commitment is an aspect that reflects a perceived obligation to remain in the organization. Arfat Ahmad et al (2014) said employee commitment and job satisfaction indirectly influence their working performances and discourages turnover intentions. Employee commitment is helpful for the organization in all ways, for organizational development and for its success.

H1: There is positive relation of employee motivation with employee commitment.

Employee motivation influences employees to be committed with their organizations for the appreciation and comfort zone that is provided to them for their good performances by their organizations. Fariba Azizzadeh et al (2014) said among many other factors motivation is one factor that runs performance of organization. According to lawler (1986), with committed and motivated employees the ultimate results of work will be affected. Well motivated employees exerts their extra capability in their performances because they are more committed and involve in their jobs (Blau, 1986; Blau, & Boal, 1987).

Employee loyalty works as effectively in organizations as blood works in body. According to Fahad Mahmood et al (2014), loyal employees are extremely important for organizations because they continue working with one for a long time instead of accepting other job offers. Commitment of employees with loyalty for their work place reflects strength of their organizations. Added by Moslem Savari et al. (2013), Employees who are extremely committed and loyal with their
organizations, they are considered as indicators for the success of their organization.

H2: There is an influential relation of employee commitment and loyalty.

Employee loyalty and motivation works side by side in any organization to make their employees committed. Both these human resource practices have influential result on employee commitment that’s why they are main concerns for organizations. According to (Hiltrop, 1995) Employers work on many approaches to make employees loyal, motivation is among one of those factors.

H3: Employee motivation and employee loyalty works as pillars which supports employee commitment.

Methodology

In order to examine the loyalty and its pros and cons of the employees of working organizations, government and private sector of leading firms considered. Moreover, a structured questionnaire was designed to conclude the opinions of different people from four major cities of Pakistan named Islamabad, Lahore, Sargodha and Faisalabad. Structured questionnaire consisted of two parts. First part compiled of the demographic variables and second portion included pre-defined items of the selected variables. Self-administrated survey method used to collect information. Proportionate Stratified Random sampling technique used to collect the information from respondents. In this technique equal number of respondents selected from each strata for this research study. Three hundred questionnaires were distributed in seven selected organizations. Out of which 240 questionnaires were received back. From these 220 questionnaires were capable of for data entry. In this way response rate was 73%, which is acceptable in this environment.

Items for commitment adapted from the research study of Narayandas (1996). Rest of the constructs adapted from the Morgan and Hunt (1994) study. In next stage, data mining performed in Statistical Package for Social Sciences (SPSS). Normality examined through Q-Q plots and found normal for further steps. Then reliability measured to determine the internal consistency between the items. Factor loading and scale reliability given in the table below. After getting up to mark results from all these analysis, structural equation modeling technique used to testify the relationship between the hypotheses. This step did in the AMOS software.

Results and Findings

Scale Measurement: Access reliability can be measured by item reliability and composite reliability. Results of scale reliability are as below:

M= Motivation, E.Com= Employee Commitment, E. Loy= Employee Loyalty, Expe Expansion

Standardized estimates if items and scale reliability of variables has shown in the above table. Scale reliability ranges from 0.6 to 0.9, which is considered as acceptable for further analysis.

<table>
<thead>
<tr>
<th>Items Constructs</th>
<th>Standardized Estimates</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1 My organization invites people to contribute to the organization</td>
<td>.62</td>
<td></td>
</tr>
<tr>
<td>M2 In my organization, leaders empower others to help carry out the organization vision</td>
<td>.17</td>
<td></td>
</tr>
<tr>
<td>M3 I understand how my work directly contributes to the overall success of the organization</td>
<td>.58</td>
<td>.629</td>
</tr>
<tr>
<td>Deleted My manager supports and recognizes my contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>M5 My manager provides regular constructive feedback</td>
<td>.42</td>
<td></td>
</tr>
<tr>
<td>E.Com1 I am always willing to disclose my association with my organization in front of everyone</td>
<td>.61</td>
<td>.734</td>
</tr>
<tr>
<td>E.Com2 A sense of belonging with my organization always keeps me committed with my organization</td>
<td>.76</td>
<td></td>
</tr>
<tr>
<td>E.Com3 My loyalty and commitment with my organization is actually a worth of mine</td>
<td>.69</td>
<td></td>
</tr>
<tr>
<td>E.Loy1 My values and that of the organization are very similar</td>
<td>.77</td>
<td>.729</td>
</tr>
<tr>
<td>E.Loy2 This organization inspires the best in me in the way of job performance</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>E.Loy3 I would encourage a friend to work for my company</td>
<td>.75</td>
<td></td>
</tr>
<tr>
<td>Exp1 I expect some more time in this organization</td>
<td>.53</td>
<td></td>
</tr>
<tr>
<td>Exp2 My salary package can be improved</td>
<td>.43</td>
<td></td>
</tr>
<tr>
<td>Exp3 I will continue my job for next few years</td>
<td>.64</td>
<td></td>
</tr>
<tr>
<td>Exp4 I do not think to continue my job</td>
<td>.04</td>
<td></td>
</tr>
</tbody>
</table>

Structural Equation Model (SEM)

<table>
<thead>
<tr>
<th>Model Fit Tests</th>
<th>Goodness of Fit Index, GFI</th>
<th>Adjusted Goodness of Fit Index, AGFI</th>
<th>Comparative Fit Index, CFI</th>
<th>Root Mean Square Error Approximation, RMSEA</th>
<th>Normed Fit Index, NFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Summary</td>
<td>Chi-square</td>
<td>216.3</td>
<td>Degree of Freedom</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>Model Fit Tests</td>
<td>Goodness of Fit Index, GFI</td>
<td>.889</td>
<td>Adjusted Goodness of Fit Index, AGFI</td>
<td>.843</td>
<td>Comparative Fit Index, CFI</td>
</tr>
</tbody>
</table>

Diagram:

[Image of diagrams showing the relationship between variables]
Hypothesis 1 is accepted which states that there is strong relationship between motivation and employee commitment. Almost 86 percent employee agreed that motivation has strong relation with their commitment towards organization. Further employee commitment relates with employee loyalty. The more employees are committed, the more they are loyal towards organization. P value shows that this hypothesis is also accepted. Finally loyalty and expansion also has come relationship but not as strong as the others because expansion of job is not only affected by loyalty of employee and there are many other variables which affects the decision of job expansion in that particular organization.

Discussion:
According to the research conducted through questionnaires it is clearly proved that employee commitment leaves remarkable results on the performance of employees in organizations when are polished by motivation and employee loyalty. Moreover, positive dimension of employee loyalty i.e. willingness to work improves employee work efficiency and effectiveness of task performed by him which ultimately results in being very beneficial for organizations. The result of data collected from different big cities of Pakistan, from leading well reputed organizations both from private and public sector this analysis is developed that with motivated, committed and loyal employees any organization can achieve its desired goals and this very statement clearly signifies the worth of employee commitment on loyalty and its consequences.

Conclusion:
From the proposed model of employee commitment and its consequences any organization can seek help to learn the importance of employees that are committed with them and benefits that are derived by committed and loyal employees. Most of the hypothesis has been accepted which shows that this model set fit for the organizations of both public and private sector. As literature discussed most of the researchers have suggested employee commitment to be most important tool for fixing various problems related to success of organizations. In simple words, in this era, where competition is at its peak and all are putting their best efforts to increase the profitability and efficiency of organizations employee commitment with its consequences is needed to be considered as best operative tool. Because if employees are committed and loyal with their organizations then they will face all hardships with encouraged and motivated will of defeating them and making their organization successful but if they are not committed then they can bring such downfall, which can be disastrous for the organization. Through the bonding of commitment and loyalty of employees, organizations can enjoy everlasting benefits of both profit and satisfaction.

Limitations:
This data was collected from one province of Pakistan i.e Punjab and from federal city Islamabad. In respondents, executives and middle management from leading organizations from both public and private sector were in majority. Reason for this was that top level and middle level management is considered to be best opinion leaders in this regard because they can give a best feedback for the commitment and loyalty of employees.

References:
Deci, Koestner, & Ryan, (1999), “A meta-analytic review of experiments examining the effects of extrinsic rewards on

### Hypotheses Results

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Content</th>
<th>Estimates</th>
<th>P-Value</th>
<th>Accept</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Motivation → E. Commitment</td>
<td>.862</td>
<td>Less than 0.05</td>
<td>Yes</td>
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<tr>
<td>H₂</td>
<td>E. Commitment → E. Loyalty</td>
<td>.509</td>
<td>Less than 0.05</td>
<td>Yes</td>
</tr>
<tr>
<td>H₃</td>
<td>E. Loyalty → Expansion</td>
<td>.263</td>
<td>Less than 0.05</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### References

- Academy of Management, vol. 48 no. 1 135-145.
intrinsic motivation”, Psychological Bulletin, Vol 125(6), Pg 627-668.


