



## Organizational commitment and the implications for employees and organizations

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### ABSTRACT

Despite the increasing attention of organizational commitment in the management literature, most studies predominantly focus on full-time workers in traditional work settings. The results of this study highlight important directions for implementing strategies to increase casual academic's organizational commitment. Organization commitment is important because it is known association with other important organizational variables such as turnover, absenteeism and work effort. This study provides the first step in better understanding the factors that affect the organization commitment.

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### Introduction

Corporate collapses of past decade have affected all stakeholders through a loss of public confidence, loss of jobs and loss of shareholders' funds. We have seen poor business decisions, extravagant business acquisitions, lack of attention to detail, exorbitant directors fees, lack of board scrutiny and inadequate disclosure internationally. Improved corporate governance is increasingly being seen as the answer to these problems as 'every one of the mechanisms set up to provide checks and balances failed at the same time' (Monks and Minow, 2004:1). Internationally, legislative control has been strengthened with the Sarbanes-Oxley Act 2002 (USA) and the Corporations Act 2006 (UK), alongside voluntary guidelines such as the Australian Stock Exchange (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendation (Australia), in an endeavour to reduce risk to shareholders, employees, communities, government, suppliers and customers. Notwithstanding that many factors contribute to organizational success alongside effective governance, human resource (HR) is a key factor. As Wong (2002 as cited in Dailey and Brookmire, 2005:39) observed that an organization must have strengths in four areas: financial capital, technological capital, human capital, and sociospiritual capital to be healthy and productive, and added that in Enron's case despite their Code of Ethics, the human resource, that is, its leaders lacked ethical leadership and personal integrity causing an ethical deficit. But even so, the incorporation of human resources into governance structures is problematic (Young and Thyl, 2007a). Its position varies due to the different paradigms that decision makers such as boards of directors and management operate from. For instance those who do not place a high emphasis on human resources within governance often view HR from a functional and transactional approach through systems and policies; others view labour from

an employment relationship or industrial relations' perspective often through an adversarial lens; others see human resources practices as simply a function of the legal and regulatory environment; and others, more broadly, see labour as a key stakeholder and thus integrate employees into organizational purpose, strategy and decision-making structures. Evidence of such approaches can be seen when looking at the variety of definitions of Governance, each emphasizing different components and each with different objectives. For instance, Monks and Minow (2004:2) focus on structure in defining governance as, 'the structure that is intended to make sure the right questions get asked and that checks and balances are in place to make sure that the answers reflect what is best for the creation of long-term, sustainable value. When that structure gets subverted it becomes too easy to succumb to the temptation to engage in self-dealing'. Healy (2003:10), in prioritising shareholders, defines governance as 'the corporate values and control mechanisms which ensure that the business is being run in the interests of its shareholders'. In contrast, Gospel and Pendleton (2003:560) refer to three main sets of actors in Corporate.

### Organizational Commitment

Intense international competition fuelled by globalization has prompted a number of changes in the way work is organized and the way people are deployed. One significant area of workplace change is the increased use of flexible employment practices, particularly the increased use of temporary/casual workers in organizations. Improved efficiency and productivity were the anticipated outcomes of implementing flexible employment practices (Hartman and Bambacas, 2000). A number of researchers, however, have raised concerns about the level of employee loyalty and commitment that can be expected in an environment of less secure and shorter term employment contracts (e.g. McClurg, 1999; Hartman and Bambacas, 2000;

Gallagher and Sverke, 2005). Organizational commitment in this context remains important because of its potential effect on employees' identification with the organization's goals, the desire to Commitment, particularly in the area of work, has been analysed from several perspectives (Martin and O'Laughlin, 1984; Morrow, 1983; Mowday et al., 1982). It has served as both a dependent variable for antecedents such as age, tenure, gender and education (Ferris and Aranya, 1983; Hunt *et al.*, 1985; Luthans *et al.*, 1985), and as a predictor of various outcomes such as turnover (Rusbult and Farrell, 1983), intention to leave (Ferris and Aranya, 1983) and absenteeism retain membership with the organization and the level of effort exerted (Meyer and Allen, 1997; Hartman and Bambacas, 2000; Jaramillo et al., 2005; Van Breugel et al. 2005).

One other type of analysis using commitment as the measure of interest has been emphasized in the literature. This involves the distinction between moral commitment which focuses on attachment or loyalty (Porter and Lawler, 1968) versus calculative commitment which emphasizes potential benefits derived from the employees belonging to the organization (Hrebiniak and Alutto, 1972).

Findings reported by Ferris and Aranya (1983) and Wiener and Vardi (1980) seem to indicate that the former is more predictive and stable than the latter. Kidron (1978) found that work values were related more to moral than to calculative commitment. According to these findings, the present study focused on the moral dimension as the indicator of commitment. (Ivancevich, 1985).

Organizational commitment represents a psychological attachment to the employing organization, and according to Allen and Meyer (1990), may take different forms. Two well-accepted dimensions of commitment are affective and continuance commitment.

Allen and Meyer (1990, p. 1) define affective commitment as "employee's emotional attachment to, identification with, and involvement in the organization" and continuance commitment refers to "commitment based on costs that employees associate with leaving the organization." Normative commitment (an employee's feelings of obligation to remain with the organization) was not included in the study because there is less support for this commitment dimension in the literature (Iverson and Buttigieg, 1999).

Academics and human resource practitioners alike maintain a keen interest in organizational commitment because of its association with desirable outcomes, such as reduced absenteeism, reduced turnover, and improved job performance (Mathieu and Zajac, 1990; Meyer and Allen, 1997; Iverson and Buttigieg, 1999; Jaramillo et al., 2005).

Whilst the link between organizational commitment and various outcome indicators has been well established, antecedent conditions for organizational commitment is less well understood. Prior research investigating the antecedents of organizational commitment (Steers, 1977; Mathieu and Zajac, 1990; Iverson and Buttigieg, 1999; McClurg, 1999), suggests three categories of predictors relevant to the current study: personal characteristics, job-related factors and job involvement factors.

Organizational commitment is an important research topic having both practical and theoretical implications. Organizations are intended to have more highly committed workforce, because the research results show that organizational commitment leads to important outcomes such as decreased turnover, higher

motivation, higher organization citizenship behaviour and organizational support (Kwon and Banks, 2004). Managers could benefit from understanding the predictors of committed manpower because they can initiate the interventions when the problem exists. They can adopt, for example, the appropriate leadership behaviour in order to improve the level of organizational commitment and, in turn, the levels of job satisfaction and job performance (Yousef, 2000). Research shows that understanding organizational commitment can provide insight into how organizational commitment is related to the intentions to leave. The turnover is always costly to the organizations in all sectors given the large investment made in the selection, training and development of personnel (Stallworth, 2004, 2003). Also there are some findings that any effort to improve organizational commitment is beneficial in lowering stress levels in the job concerning areas such as staffing and the perceived pressure of the job (Savery and Syme, 1996). The problem is especially important in the developing countries, Eastern European countries, such as Lithuania. Organizations and workforce there are experiencing tremendous changes that result in high levels of stress and distrust in organizations as employers. With the increasing speed and scale of change in organizations, managers are constantly seeking ways to generate greater employees' commitment and competitive advantage (Petkeviciute and Kalinina, 2004; Kazlauskaitė et al., 2006; Brewer, 1996). The number of international companies in Lithuania and other Baltic States increases, so trans-culturally competent managers in the Baltic countries find themselves in front of the challenge to build the bridge from the West to the East (Dickerson et al., 2006).

In order to determine the factors that may relate to organizational commitment, first of all we need to understand the concept of commitment. It is quite new in Lithuanian organizational psychology, although the concept is common in other countries. Porter et al. (1974) developed the following three-part definition of organizational commitment: a strong belief in and acceptance of the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to remain in the organization. Generally "organizational commitment refers to the attachment, emotionally and functionally, to one's place of work" (Elizur and Koslowsky, 2001, p. 594). Allen and Meyer (1990) identify three general themes in attitudinal conceptualizations of organizational commitment: affective attachment, perceived costs, and obligation. The three-dimensional construct is defined as follows:

The affective component of organizational commitment . . . refers to the employee's emotional attachment to, identification with, and involvement in the organization. The continuance component refers to commitment based on the costs that the employee associates with leaving the organization. Finally, the normative component refers to the employee's feelings of obligation to remain with the organization (Allen and Meyer, 1990, p. 1). The three components of commitment are considered to be psychological states which employees experience to differing degrees. Each individual is assumed to experience the components of commitment in varying strengths (Stallworth, 2003). This model is perhaps the mostly empirically tested (Marchiori and Henkin, 2004; Stallworth, 2003) and says that employees with high affective commitment stay in the organization, because they wish; employees with high continuance commitment stay because they need; employees

with high normative commitment stay, because they must. All components may be dependent upon different antecedents, for example, personal traits, work characteristics, tenure and others. We used this model as a theoretical background for our investigation. So, one purpose of this study was to determine whether the same multidimensionality of organizational commitment is valid in Lithuanian population.

Lee et al. (2001, p. 610) state that the three commitment constructs are likely to be conceptually and functionally similar across cultures, but there might be a need to refine the measures for cross-cultural research. Although literature provides arguments that western theories could be valid in non western settings (Yousef, 2000), differences in the relevance of items to constructs across cultures have also been found (Vanderberghe, 1996). Some authors state that many of the people representing companies in the Baltic States are finding themselves reconciling the cultural differences between themselves, members of neighbouring Baltic States, Russia, European countries, the USA and Asia (Dickerson et al., 2006). So it is possible that there exist some cultural differences in organizational commitment or its correlates.

In the literature organizational commitment has been analyzed from several perspectives – as a dependent variable for antecedents such as age, tenure and education (Dunham et al., 1994) and as a predictor of various outcomes such as job satisfaction, work motivation, turnover, intention to leave, absenteeism, and performance (Weiner and Vardi, 1980; Meyer et al., 2004; Kristof-Brown et al., 2005).

One of the most popular demographic variables in commitment studies is gender. Some researchers state that men are more committed to the organization (Singh et al., 2004; Savery and Syme, 1996) than women; others do not find gender differences (Powell, in Singh et al., 2004). Contrary to these results, Singh et al. (2004), Marchiori and Henkin (2004) and Dixon et al. (2005) have found that women have higher levels of organizational commitment.

Also there is no clear answer how age, education and tenure are related to the organizational commitment. Some investigations reveal that age and tenure is positively related to the commitment, because senior workers are more satisfied with the organizations, they have higher positions at work, also they have less possibilities to get the new job suggestions (Allen and Meyer, 1990). But there are also investigations with opposite results (Savery and Syme, 1996). Based on this evidence we hypothesized that regardless of the cause women have higher levels of commitment than men, and age and tenure is positively related to commitment. Consequently, education should be negatively related to the organizational commitment, at least to the normative (Iverson and Buttigieg, 1999). This hypothesis is based upon the arguments that more highly educated individuals have higher expectations. They are therefore more likely to feel that they are not being rewarded adequately by their employers, and so the level of organizational commitment is diminished (Lok and Crawford, 2001, p. 598).

Some authors argue that the potential role of individual characteristics on their attitudes toward their organization has not been studied extensively, for example “the big five has been extensively studied in many settings, but limited in relation to job satisfaction and organizational commitment” (Silva, 2006, p. 319). Some researchers have found the relations between personality traits (for example, negative affect, empathy) and organizational commitment (Iverson and Buttigieg, 1999;

Bozionelos, 2004). Erdheim et al. (2006) in their study present the results that extraversion is significantly related to affective commitment, continuance commitment, and normative commitment; neuroticism, conscientiousness and openness to experience are significantly related to continuance commitment; agreeableness is significantly related to continuance commitment. Silva (2006) and Morrison (1997) suggested that people who are extraverted, conscientious, and emotionally stable tend to be more committed employees. But they did not find the relationship between organizational commitment and agreeableness or openness to experience. Other researchers have found that organizational commitment was related to work motivation (Meyer et al., 2004) and locus of control (Silva, 2006). But it seems that the list of personality traits in relation to organizational commitment is not completed.

The most interesting and more practically valuable investigations of organizational commitment are in the field of turnover or intention to leave the organization. Aryee et al. (1991) have found that commitment explain 37 per cent of variance in intention to leave the organization. Of course, this does not mean that all individuals that are intended to leave their organization will do so. Despite the evidence that intentions are the best predictors of behaviour, many individuals who intend to quit their jobs do not do that (Allen et al., 2005). Personality traits may moderate the intentions – turnover relationship. Nevertheless, human resource specialists often treat turnover intentions as the most direct precursor of turnover behaviour. Allen and Meyer (1990) argue that intention to leave the organization is negatively related to all three components of organizational commitment. Other authors state that three commitment constructs describe different reasons why employees stay with (or leave) their organization, so these commitment constructs each contribute independently to the prediction of turnover intention (Lee et al., 2001). In addition, some investigators revealed that intention to leave may be predicted from affective commitment and the real turnover may be predicted from continuance commitment (Randall et al., 1997). That might be the reason why managers tend to have more committed employees.

Nevertheless, Kalbers and Fogarty (1995) did not found the relation between the commitment and intention to leave. Such controversies in research results may be due to the fact that turnover intention is more complex construct than many researchers think. Also it may be complicated to measure (for example, due to social desirability effects or cultural effects). Our prediction in this investigation was the following: all components of the organizational commitment are negatively related to the intention to leave, but the best prediction of intention to leave the organization (on the individual level) can be made from individual factors (age, gender, education and tenure, personality traits) and organizational commitment together.

### **Virtue and Competence Reconsidered**

In the classic expositions stated earlier, virtue can be seen as reflecting notions of competence either explicitly (as in Machiavelli) or implicitly (as in Aristotle). In all cases, virtues — which, it may be noted, have not significantly changed in nature — can be identified as particular qualities, and as such, they may be demonstrated and measured. The degree of virtuous behavior is crucial to theories that prioritize the good over the right. Most crucial of all, however, is that virtue must have a fundamentally practical application:

Without any public demonstration, virtues are effectively meaningless. Thus, like competencies, they exist equally in the realm of action as in the realm of human character. An approach such as Cooper's, for example, which identifies the relevant virtues associated with administrative practice, can easily be read in terms of management competence. Indeed, the specific virtues that Cooper identifies are not far removed from the management competencies compiled by Vilkinas et al., who list 55 specific elements ( Virtanen 2000, 335 ), or from our own list of KSAs.

It may be tempting to think that the advent of New Public Management has shifted the ethos of public managers entirely toward managerialism, efficiency, and competence, and the example of local government potentially reinforces this view. The practice of virtue, of seeking to do well while doing good, seems to have been mislaid. Ethical conduct under the new local government framework seems to be promoted through compliance: The enforcement of standards is leading to the bureaucratization of individual conscience.

The expanse of regulations seems to have sublimated the need for virtuous conduct. Under the new framework, for example, codes of conduct are increasingly trying to legislate against disrespectful behavior, as well as other vague actions, which means that doing good (behaving respectfully toward others) is now simply a matter of doing right (following the regulations). Advances in management development — notably, the rise of managerial competencies — have reinforced these changes. More generally, the apparent dominance of second-order goods, such as meeting targets, over first-order goods, such as serving the public interest, appears to be established.

Our findings suggest that these arguments are both exaggerated and somewhat misguided. Competence has not replaced virtue as a foundation of public service management because virtue is an integral feature of managerial competencies. Competence as an excellence of management inevitably has the notion of virtue at its heart. Similarly, to be in any sense meaningful (i.e., demonstrable), virtues must have some quality of competence in order to be put into practice.

In this sense, commentators such as Virtanen, who shows that there is still room for ethics within public management while accepting the dominance of New Public Management, do not go far enough. All competence, in one sense, is ethical competence. Virtue and competence are equally valid routes to the successful implementation of a new ethical culture within local government because they ultimately address the same issues: excellences that fit people to certain practices. Despite attempts to bureaucratize ethics through codes of conduct and formal rules of compliance, our monitoring officers still exercise individual judgment, drawing on their practical wisdom. Their actions cannot be simply described as exercising legal competence.

Our findings, then, differ from MacIntyre's view of management, suggesting not only that there is room for virtue in public management but that it is one of its essential characteristics. Therefore, we suggest that work such as Bowman et al. (2004) does not go far enough in suggesting that virtue is one element of managers' key skills. We contend that such questions as "What should I do?" and "What kind of person am I?" are not separate questions but come together in public service organizations to allow for individual flourishing. Our research suggests that the approach of Cooper and others is far more profitable — that it is not necessary to reunite virtue and

public management but to recognize that seemingly new approaches have these age-old moral concerns at their heart. for each authority." Therefore, we use ethical framework to refer to the key pillars of the Local Government Act: standards committees, register of interests, codes of conduct, and the Standards Board for England.

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The classic Eastern view is expressed by Confucius, who, like Aristotle, identified a specific range of virtues — humility, honesty, loyalty, and obedience — that are vital to the successful governance of public life. Confucius believed that such virtues could be cultivated and promoted an elaborate system of rituals that public servants should follow to help facilitate their moral development. Rojeski suggests that the Confucian tradition has proved particularly influential in U.S. public administration:

"In the recent history of public administration leadership we have succeeded in creating Mandarins in the Confucian mold" (2000, 5). 5. All references to Aristotle are given in terms of standard line numbers.

There is a debate as to whether eudemonia is a single concept or one that can be applied to a number of distinct human ends; see Everson's introduction to *The Politics* (Aristotle 1988).

Questionnaires were mailed to 475 English monitoring officers whose names and addresses were obtained from the Standards Board; of those, 244 questionnaires were returned, a response rate of 51.4 percent.

#### **Values and commitment**

Several authors considered values in general and work values specifically as important variables in explaining organizational commitment (Kidron, 1978; Putti et al., 1989). According to Werkmeister (1967) commitment is a manifestation of the individual's own self, and reflects value standards that are basic to the individual's existence as a person. Some empirical support to this view was provided in studies relating work values to commitment (Kidron, 1978). In a study of central life interest, Dubin et al. (1975), found that workers with a central life interest in work had a higher commitment to their work organization compared to those with a different central life interest. Kidron (1978) found a moderate relationship between work values and organizational commitment. Putti et al. (1989) analysed the relationships between work values and organizational commitment based on a sample of workers in Singapore.

Their findings indicate that intrinsic work values relate more closely to organizational commitment than extrinsic work values.

#### **Discussion and conclusions**

Organizational commitment and its antecedents or consequences become an important research issue in Lithuania. Especially, useful might be to know the relationship between organizational commitment and turnover intentions. As turnover intentions often lead to the leave from the organization, it is possible to suggest to employers to increase the levels of organizational commitment in order to keep employee retention stable. The research results may be useful for all Baltic countries where the employee emigration problem becomes more and

more urgent. Employee turnover has lately considerably increased in some Lithuanian industry branches (for example, hospitality industry, health care sector) (Kazlauskaitė et al., 2006), so the results of this study could make the contribution to solving this problem.

This study finds support for a multidimensional conception of organizational commitment. Consistent with other studies (Stallworth, 2003, 2004; Lee et al., 2001) the confirmatory factor analyses of our results indicate that the three-factor model is more descriptive than one-factor model of organizational commitment. As Lee et al. (2001, p. 610) stated, we can confirm, that “taken together, it appears that the three commitment constructs are likely to be conceptually and functionally similar (i.e. generalisable) across cultures” but some differences indicate that there might be a need to refine the measures. The future investigations might address this issue.

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