Impact of Job Satisfaction on Organizational Commitment in IT Sector Employees of Pakistan

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ABSTRACT

Human Resource plays an important part for organization, which makes it an asset for organizations. Organizations are must interested in retention of employees. This need of organization makes job satisfaction and organizational commitment as more interested concepts to judge the behavior of employees who are essential for the organization. Job satisfaction and organizational commitment are the important concepts that determine the attitudes of employees at the workplace. These are the positive outcomes that help organizations to reap its benefits in terms of performance and organizational productivity. Apart from performance and productivity of the organizations, turnover intentions are also a major concern of the organization. These importance attitudes of employees at workplace determine their intention to stay in the organization. The population for this study was the professionals working in the IT Industry of Pakistan. Systematic Random Sampling was used to identify the study sample. This study reported the impact of job satisfaction on organizational commitment in IT professionals of Pakistan. This study also found that there exists a positive relationship between job satisfaction and organizational commitment in employees of IT industry, which strengthen the impact of one employee attitudinal outcome on the other in a same direction, i.e., increase in job satisfaction increases the organizational commitment. Survey was conducted through the questionnaires, which was developed from the various studies. Questionnaires were floated through personal visits and emails. Personal visits were conducted to improve the response rate of IT professionals. Reliability analysis was done along with correlation, and regression analysis in SPSS-17th edition. Limitations of the study are also presented along with future research recommendations.

KEYWORDS: Job Satisfaction, Organizational Commitment, IT Professionals, IT Industry, Pakistan

1. INTRODUCTION

Human resource is an essential asset of any organization because humans are the resource, which gets skill and experience with the passage of time. Therefore, human resource is very important to achieve organizational goals. Human resource department is constructed to deal affairs that are related with the employees of the organization.

It is an imperative for the organization to have the commitment of employees. Organizational commitment and job satisfaction both related with the profitability and competitive position of organization in the market. Commitment towards organization is also defined as the employees’ positive attitude toward the work in the organization and their readiness to do work for their organization (Mowday et al.) [1]. Employee’s behavior has the positive relation with the organizational commitment, if employees are committed with their organization, it will reduce the absenteeism and turnover (Igbaria & Greenhaus) [2]. Organizational commitment is a comparative power of a person recognition with and participation in a peculiar administration. According to Mowday et al. [3] there are three factors, which distinguished it as

1) A strong approval of the goals and values of the organization,
2) A spirit to apply a profound effort on the behalf of system, and
3) They have a wish to retain as member with their organization

Wagner [4] defined that employee participation balances the involvement of managers and employees in information processing, decision making and problem solving activities. Miller & Monge [5] described that job
satisfaction enhance the efficiency if greater motivation and better working conditions are provided at the time of accomplishment of task. Employee participation can be helpful for employee mental health and their satisfaction with their job. Mnookin & Kornhauser [6] suggested that law provides a fundamentally passive set of tools and forums in a facilitative environment, which provide work for managers to actively complete various organizational goals.

Many countries preferred Pakistani workforce because they found IT professionals intellectual, reliable and committed, and they give their services at low price through which good investment come in the country and job opportunities will also increases (Saeed) [7]. According to Robbins [8] the conflict between work and family is in fact an issue that has an effect on approximately all human being, their work, families and yet their physical health and mental status also get affected. Pare & Tremblay [9] finding shows that IT professionals are happily retained in that organization where work is challenging and motivating, and the chance of employees’ development are more, and if they are well paid. According to William & Sawyer [10] Information technology is an expertise that assists to produce and control the course of action, accumulate, exchange and circulate the information. The important elements of Information Technology are software, catalog, and hardware which make the information systems (Shelly & Cashman) [11].

Long & Long [12] concluded that Information technology become a tool of social & economical growth and in developing countries, it is spreading very rapidly. Within a short time period, IT has become a fundamental building block of present developed culture and now it has become imperative for the success of developed and developing nations. In 1990 a few number of IT, software companies were present, while in 1992 there were only nine members of P@SHA (Pakistan Software House Association). This number grows to 100 till 1999. The current figure of registered IT companies is 1082 in Pakistan (Pakistan IT Industry Yearbook 2007-08) [13].

Government of Pakistan has taken much interest to make IT industry a strong one. Therefore, Federal Cabinet passed National IT policy in August 2000, in which a number of different features are cover, such as important feature human resource development and IT infrastructure development. Pakistan needs to develop human resources in the field of IT, because there are number of peoples who are committed in this sector to compete with the foreign and domestic IT firms (Saeed) [7].

He also reported that in Pakistan IT industry is growing at a larger pace. It is much successful sector with large potential. Pakistan country’s export raised about fifty percent from years 2003 to 2005 and total amount is about 48.5 million USD. In the report of World Economic Forum, 2012 which assesses the development of Information and Technology worldwide, Pakistan stood 102nd among 144 countries. Pakistan planed to expend Rs. 4.6 billion on IT development, which do emphasis on human resource, etc.

1.1 Need/Gap/Rationale of Study:

IT professionals who are providing services to Pakistani IT industry are looking for policies that can stimulate the commitment of organization in IT expert. Employees working in the IT industries has showed a high employee turnover trend. This factor influences the organizational commitment of the employees. Present study focus on the relationship of organizational commitment with job satisfaction in IT Industry, in order to see whether employees are satisfied with their job or not and what is the level of organizational commitment of employees. No specific study related to IT experts in Pakistan is available, so findings will help the business to formulate polices which will encourage organizational commitment in IT experts and enhance their retention.

1.2 Problem Statement:

Job satisfaction and organizational commitment of employees towards their organization is of much importance. It is important for every organization to retain the employees who are committed and help enhance the competitiveness of organization. Therefore, it is imperative to see the impact of job satisfaction to enhance the commitment of employees towards the organization in IT Industry of Pakistan, as this sector is considered a stressed sector.

1.3 Research Questions:

How Job Satisfaction impact and influence Organizational Commitment in IT Industry of Pakistan?

2. LITERATURE REVIEW

2.1 Job Satisfaction:

Smith et al. [14] described job satisfaction as the reaction towards the different aspects of the environment. Job satisfaction can be evaluated on the basis of work atmosphere that satisfy the need of worker. Job satisfaction is not a sole concept. Considerably, it has multiple aspects that correspond to different dimensions of the work environment. Each dimension must direct in the measurement of job satisfaction. In addition to the specific aspects
of satisfaction, overall satisfaction has also been identifying as an important component of job satisfaction. Global satisfaction differs conceptually from specific aspect of satisfaction (Hinrichs) [15]. Morrow [16] described a strong relationship among job satisfaction, involvement and participation. Other factors such as uncertainty, inconsistency, burden of work and individual’s characteristics also affect the commitment, because they have the linked with the practical experience of individual in the organization. Miller & Monge [5] described that job satisfaction enhance the efficiency if greater motivation and better working conditions are provided at the time of accomplishment of task. Employee participation can be helpful for employee mental health and their satisfaction with their job.

Mowday et al. [1] reported that day to day events in work environment have an influence on the job satisfaction of the employee. Temporary events should not be a reason for employee to review his joining to the entire system. To increase the job satisfaction, it is very essential for manager to equally treat all the employees, because employee wants more help from management and they have strong wish of best communication and participation in decision making and effective use of resources to complete his task. Sempane [17] find that they investigate that job satisfaction depends on different organizational factors that are structure and dimension of organization, compensation, workplace situation, that make an organizational climate. Martins & Coetzee [18] described that if employee do not experience while all other working conditions are being fulfilled, then employees will not make their selves retained with that organization.

Organizations understand that their employee commitment and organizational performance depends on job satisfaction. If employees are more satisfied, they will be more productive (Saari & Judge) [19]. Graham [20] suggested that job satisfaction is a dimension of individual’s thoughts and approaches towards their job. Another study of Kovack [21] reported that job satisfaction is an element of organizational commitment. Similarly, Buitendach & de Witte [22] described that employee awareness and assessment about their job linked with job satisfaction and their observation is affected by their environment. According to the study of Meyer et al. [23] job satisfaction is determining factor of commitment. There is a difference between job satisfaction and employees commitment with the organization. Organizational commitment is an employee’s positive response towards their organization; on the other hand, job satisfaction is employee response towards their work. They described that these variables are positively related with each other. If employees will satisfy with their current position in the organization, they will be more committed towards their organization and its goals.

2.2 Organizational Commitment:

Organizational commitment is essential for the success of any organization because if the employees of any organization do not put their efforts sincerely, it could be hard for organization to meet challenges. This causes an organization to bear internal and external pressure. Organizational commitment is a comparative power of a person recognition with and participation in a peculiar administration. There are three factors as mentioned by Mowday et al. [3]; Angle & Perry [24]

- A strong approval of the goals and values of the organization,
- A spirit to apply a profound effort on the behalf of system, and
- They have a wish to retain as member within the organization

A very few consideration is given to factors related to the culture of organization. It is not necessary to initiate the employee focus of individuality, because they attached with the organization globally. It is argued that if an organization employee gets equality and value, it will help bring employees closer to the routine engagement with their organization (Bridges & Harrison) [25]. Crewson [26] presented a complete definition of organizational commitment that is included as participation and recognition of person with in a challenging organization. He also focused that OC is the arrangement of three different factors such as the high level of faith and accept the goals and values of organization, work for organization with enthusiasm and have a strong will to remain as organizational member.

Meyer & Allen [27] described that OC is a mental condition that distinguished the relationship of employees with organization and also made easy for deciding to remain as the member of the organization. OC is describing in terms of level of engagement and identification of members with their current organization.

According to some researchers OC can be categorized into three essential components. The three component of organizational commitment are the affective, normative and continuance commitment. Allen & Meyer [28] defined the affective commitment as the emotional affection of employees to, recognition with, and participation in the organization. They also put forward this idea tends to bring closer the definition of Organizational Commitment with the useful meaning of the idea.

1. The affective component mentioning the, emotional attachment of employees to, recognition with, and participation with the organization.
2. The continuance component mentions that this commitment stands on the costs that employee links with departing the organization.
3. The normative commitment mentions that the employees feeling of commitment to stay with their organization.

Affective commitment can also be defined in term of three features that include
- Increase the emotional affection to an organization,
- Recognition with, and
- The will to remain with the particular organization.

Allen & Meyer [28] second dimension of OC (continuance commitment) is based on the side bet theory of (Becker) [29]. According to the theory that as individuals desires to retain for longer period with an organization and it is very expensive to lose that individuals who has longer stay with the organization, can help enhance the investments. The investment is in the form of job effort, time, and particular skills of the organization which are not transferable and impose huge cost to leave the organization. It also makes employees to retain themselves and restrain them from searching the alternate job. The normative commitment being the third aspect of OC shows the feeling of responsibility that prolong with the organization.

For the organizational success employees commitment is very important (Pfeffer) [30]. Affective commitment linked with positive results of organization such as improve retention, turnout, and performance self-reports, and also aimed to measure the employee’s performance rated by supervisor and also improve the sales and set costs, which is very valuable to the organization (Meyer & Allen) [31]. Highly committed employees perform best as compared to less committed employees Mowday et al. [3]. Employees with high commitment have a strong wish to stay with the organization. Employees who have positive attitude and highly committed to the goals of an organization should be more likely to have a strong desire to do work and donate effort toward goal attainment (Steers) [32].

Sadler-Smith [33] stated that the presence of the administration and professional career in many organization enable employees to go straight on the way of success. This is done to make them flexible professionals and to do job in order to bring development for their own selves.

Answer to Research Question “How Job Satisfaction impact and influence Organizational Commitment?” can be addressed through following literature

Job Satisfaction and Organizational Commitment:
Angle & Perry [24] described that there is positive relation between organizational commitment and work results, which are performance and job satisfaction. According to their research, those employees who are satisfied are more committed with their organization, and are more attentive to do their work. These are the employees who want to stay with their organization. Satisfied employees perform different activities that are beneficial for the organization. Kotze & Roodt [34] identified a strong relation among job satisfaction and employees commitment towards their organization. Different factors affect the organizational commitment, which are these, work diversity, job independence, responsibilities, and interpersonal relationship at work place, compensation, promotion and professional development in an organization (Riggio) [35]. Lawler [36] emphasized on employee participation and employee involvement of organization rather than individual. He also reported that participation is a combination of the processes, which increase the employee’s power, and to align the interests of individual with the organizational goals should increase the usage of appropriate rewards and performance measurement systems.

Hence, it can be reported that
H1: Job Satisfaction has significant positive impact on Organizational Commitment.

3. Theoretical Framework:
4. RESEARCH METHODOLOGY

Methods and material is very important element in the research project. This provides very important information about the research design (survey and sample size), details about the sample, research variables (dependent variables and independent variables) and models and response rate. Survey is considering the most effective practice in primary researches. This study is based on exploring the relationship among “job satisfaction” and “organizational climate” in IT Industry of Pakistan. The population for this study is the IT professionals.

The IT professionals were requested to respond to all the questions up to their knowledge, with the reference to their working practices that apply to their organization. A survey questionnaire was designed in line with Malcolm Baldrige Quality Award Criteria, and People Capability Maturity Model. A similar technique were also used by Quazi & Padibjo [37], Curtis et al. [38] to design questionnaire based on Malcolm Baldridge Quality Award Criteria in Singapore and People Capability to Maturity Model. A 5-point likert scale ranging from 1 to 5 (where 1=strongly disagree, 2=disagree, 3=neutral, 4=agree, and 5=strongly agree).

The sample for the study was drawn from IT Sector of Pakistan. IT industry has become a fundamental building block of modern industrial society. There are more than 110,000 IT professionals working in Pakistan[Pakistan IT Industry Yearbook 2007-08] [13]. Almost 100 questionnaires were distributed among IT sector professionals through personal visits and 50 questionnaires were received via email at first stage. Total of 120 questionnaires were received making the response rate of 80%. At second stage, again 100 questionnaires were again sent to the industry to gain the desired level of sample size. This makes the response rate consistent at 80%. Reliability analysis, correlation analysis and regression analysis is done on the survey questionnaire using SPSS-17th Edition, while path analysis is done using AMOS software.

5. Empirical Finding:

5.1 Reliability Analysis:

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<th>Table-1 Reliability Analysis</th>
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<td>Constructs</td>
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<td>Job Satisfaction</td>
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<td>Organizational Commitment</td>
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Reliability statistics shows that Cronbach’s alpha lie under the reasonable range. Reliability analysis was done through using Cronbach’s Alpha. Table-1 shows that organizational commitment has the Cronbach’s Alpha of 0.644, while for Job Satisfaction is 0.772, which is greater than 0.70 suggested an acceptable range as reported by Nunnally [39] & Gefen et al. [40]. It can be interpreted that Cronbach’s Alpha for job satisfaction has acceptable range while organizational commitment has a bit low as compare with job satisfaction. Overall, the Cronbach’s alpha is .793, which is again acceptable.

5.2 Correlation:

Table-3 shows the correlation statistics of job satisfaction and organizational commitment. Correlation statistics determine the strength of the relationship. Table-3 clearly depicts that in context of IT Industry, employees have job satisfaction which is moderately positively related to organizational commitment at 0.654. This means that if the IT professional’s job satisfaction increases, their commitment towards organization also increases. Therefore, we can conclude that the research hypothesis is accepted that states that job satisfaction has a significant positive impact on job satisfaction.

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<th>Table-3 Correlation</th>
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<td><strong>Job Satisfaction</strong></td>
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<td><strong>Organizational Commitment</strong></td>
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**. Correlation is significant at the 0.01 level (2-tailed).
5.4 Regression Analysis:
Regression analysis is done in SPSS to see the impact of job satisfaction on organizational commitment.

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<th>Table-4 Model Summary</th>
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<tr>
<td>R Square</td>
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<td>.482</td>
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a. Predictors: (Constant), JS
b. Dependent Variable: OC

Table-4 of model summary shows Adjusted R-square, which states that “almost 47.9% of the variability is explained by the dependent variable organizational commitment in independent variable job satisfaction.”

Table-5 depicts that job satisfaction is significant predictor of organizational commitment. It can also be interpreted that the coefficient of job satisfaction is 0.496, which means that one unit change in job satisfaction will bring 49.6% change in organizational commitment.

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<th>Table-5 Coefficients</th>
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<tr>
<td>Unstandardized Coefficients</td>
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<td>(Constant)</td>
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<td>Job Satisfaction</td>
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Therefore, the regression equation for job satisfaction will be shown as

\[
\text{Job Satisfaction} = \beta_0 + \beta_1 (\text{Organizational Commitment})
\]

Job Satisfaction = 2.116 + 0.496 (Organizational Commitment)

5.5 Path Analysis:
Path diagram shows the estimates for latent and manifest variables. All relationships between latent and manifest variables were found significant.

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<th>Table-6 Model Fit Summary</th>
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<td>Goodness-of-Fit</td>
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<td>CMIN/DF</td>
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<td>AGFI</td>
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<td>CFI</td>
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<td>PCFI</td>
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<td>RMSEA</td>
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Table-6 shows that CMIN/DF value is 4.341, which that a model is a good fit as ratio of CMIN/DF recommended to be less than 5 as reported by Wheaton et al. [41]. Adjusted Goodness-of-fit index shows a value of .781, which shows a moderate model fit as it is bounded by above 1 according to the thumb rule. Similarly, in Baseline Comparisons, CFI is .801 showing a very good model fit as per thumb rule. According to Fan et al. [42] CFI is slightly affected by the sample size. The suggested range for RMSEA is <.1 as reported by Browne & Cudeck [43] and Hair et al. [44]. The analysis shows that RMSEA value is .130, which needs to be focused.

6. Conclusion
There exists a significant relationship among independent variable (Job Satisfaction) and independent variables (Organizational Commitment). Correlation matrix also showed a significant positive correlation between job satisfaction and organizational commitment. Regression analysis also shows a positive relationship between job satisfaction and organizational commitment which helps conclude that increased job satisfaction in IT professionals leads to increased organizational commitment.

7. Limitations:
This study has the major limitation that random sampling has been used, which cannot help generalize the finding.

8. Future Recommendations:
It is recommended that future researchers may opt for the research that may identify how turnover intentions of employees can be reduced in IT industries.

9. REFERENCES


