



Correlation between Commitment and Organizational Performance

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Abstract

Organizations are basically social units that are intentionally formed and may be reformed by taking into account the effectiveness and efficiency of achieving a particular goal. In addition, the role of the workforce of a company is essential because it is the main driver in running a smooth business and the company's performance; hence, it is considered as one of the assets of the company that must be maintained by fulfilling its needs and desires. However, the recent phenomenon indicates that the organizational performance of the company is still low, and there are numerous employees that are lack of competitiveness and productivity in carrying out their duties. Due to this reason, the researchers are interested in analyzing the correlation between commitment and organizational performance. The researchers utilized a causal research design to empirically test the correlation between commitment and organizational performance. One of the factors that is perceived to affect the employee performance is the organizational capabilities. The primary data of the study were collected by administering the questionnaire to the employees who work in manufacturing and service companies. The questionnaire was spread through e-mail to 100 respondents, and of the 100 respondents, 34 returned the answers. The data were then analyzed by using SPSS 25 through which the t-value test of the simple linear regression was determined. The results indicated that the commitment has a positive and significant correlation with the organizational performance. Every time there is a strengthening of commitment, there will be an increase in the organizational performance. This study shares similar findings with the previous studies. The implications of this research can be applied managerially by manufacturing and service companies. This finding is what distinguishes the present study from the previous research in which the latter is only applied for the service sector.

Keywords: Organizational Capability, Communication, Commitment, Employee Performance

1. Introduction

In an organization, everyone either as the leaders or the staffs is actively involved in carrying out their duties and responsibilities, so that all work can be carried out smoothly and harmoniously which may lead into the achievement of the shared goals. Taking this into account, therefore, the element of cooperation must always be created properly. Good employees should have characteristics such as high satisfaction with their jobs, high commitment to the organization, high motivation to serve the public and a strong intention to serve the organization voluntarily and devotedly. Employee commitment will be formed if the organization has a commitment to its employees. From this side, commitment can be seen from two sides, namely employee commitment to the organization and organizational commitment to employees. Employee commitment to the organization is not something that happens naturally. In this case, the organization and employees must jointly create a condition that is conducive to achieving the intended commitment (Riketta, 2002). Good and positive behaviour towards fellow employees can increase work effectiveness, making the employees have organizational commitment that may promote a sense of involvement or willingness to try their best in carrying out company goals. Employees who have an inner commitment to the company will mobilize all their expertise and they will do their best for their work so that the company's goals are achieved (Suwibawa et al., 2018).

Employees are the most important asset in achieving organizational goals. Employees who are able to produce good performance will be able to make a major contribution to the organization. In work place, one's commitment to the organization/company is often a very important issue. These days commitment is no longer merely in the form of an employee's willingness to stay at the company for a long time. However, it is about the employee's willingness and interest to give their best to the company and even do something beyond the company's required limits. One of the things that affect employee performance is the organizational commitment of the employee. Despite the claim, a phenomenon that often appears today indicates that the effectiveness of the company in achieving the goals is still low and this is perceived to be caused by the high employee turnover rates at companies, as well as high absenteeism rates which indicate a low level of the employees' organizational commitment (Riketta, 2002).

Organizations value commitment among their employees because it is usually assumed to reduce withdrawal behaviors, such as tardiness, absenteeism, and turnover. Therefore, there is no doubt that these values appear to have potentially serious consequences for the overall performance of the organization. The study of employee commitment is important because employees with a sense of employee commitment are less likely to engage in withdrawal behavior and are more willing to accept change. There is no doubt, therefore, that these values appear to have potentially serious consequences for the core of committed individuals who are the lifeblood of the organization; Workers who become less committed to an organization, will direct their commitment in another direction; thus, it is important to know how to develop the right type and level of employee commitment to ensure that better employees are retained; Employees who develop a high level of employee commitment tend to be highly satisfied and fulfilled by their jobs; In the current global economic scenario, organizational change is a continuous process that requires the support of all employees in a hierarchical structure (Irefin & Mechanic, 2014).

The phenomenon that is happening in the company today is that there are reports from superiors related to employee performance problems that the employee's performance is still not good. This includes employee discipline, as evidenced by the results of an interview with Mr. Dedih as the owner regarding the presence of several employees who arrive late from the hours set by the company. There are also problems related to employee behavior that is not in accordance with company values and there are still employees who have not been able to carry out the development of the tasks that have been assigned to them. An overview of the level of achievement of the implementation of a program/activity/policy in carrying out the vision, mission, objectives and suggestions of an organization stated in the organization's strategic planning is the definition of performance. A list of what is the purpose of the organization is included in the formulation of the organization's strategic planning. Broadly speaking, it can be concluded that performance is an achievement obtained by an organization in a certain period. Performance is the level of work success achieved from an activity within the organization within a certain period or period that is oriented towards the vision and mission of the organization (Tang, 2017).

Based on some of the research above, the authors are interested in investigating the correlation between commitment and organizational performance. For this reason, the authors conducted a study entitled *Correlation between Commitment and Organizational Performance* with the following formulated research questions:

- a) Does commitment affect organizational performance?
- b) Is there a relationship between commitment and organizational performance?

As for research purposes, the study attempts:

- a) To find out whether commitment affects organizational performance.
- b) To find out whether there is a correlation between organizational commitment and performance.

2. Literature Review

2.1 Commitment

Initially, there were two conflicting definitions of commitment, namely the Porter and Becker camps. Porter's camp provides the following definition of commitment: "the strength of an individual's identification with and involvement in a particular organization". On the other hand, Becker provides the following definition of commitment: "consistent lines of activity". From these two definitions we can draw a meaning that attachment, consistency play an important role to make someone stay in an organization, and it also contains a mutual understanding between organizational interests and individual goals. Based on the understanding of the commitment of the two camps, organizational commitment is divided into affective commitment and continuance commitment and normative commitment (Sudiarta, 2018).

Commitment is defined as the attitude of employees to remain in the organization and involved in efforts to achieve the mission, values and goals of the organization. Organizational commitment as the degree to which employees believe and accept organizational goals and will stay or will not leave the organization. The level of commitment, both organizational commitment to employees and vice versa, is very necessary because through these commitments, a professional work climate will be created. Likewise, the quality of a healthy work life, which is a manifestation of organizational commitment to employees, will encourage an increase in work motivation and commitment from employees to the organization (Akla & Indradewa, 2022).

Organizational commitment is needed as an indicator of employee performance. Employees with high commitment can be expected to show optimal performance. Someone who joins an organization in a company is required to be committed in himself. There are various definitions of organizational commitment, organizational commitment is employee involvement in loyalty to the organization, willingness to direct effort, goals and values in line with the organization and the desire to maintain membership in the organization (Sudiarta, 2018).

Based on the multidimensional approach, there are three dimensions that shape organizational commitment, namely affective commitment, continuance commitment, and normative commitment. These three commitments are a psychological condition that characterizes the relationship between employees and the organization or the implications that influence individuals to stay in the organization or not. The three dimensions are:

- a) Affective commitment, related to emotional, employee identification and involvement in an organization.
- b) Continuing commitment, is the employee's perception of the losses he will face if he leaves the organization.
- c) Normative commitment, are employees' feelings about the obligations they have to give to the organization (Hasani et al., 2013).

2.2 Organizational Performance

Performance is a description of the level of achievement of the implementation of an activity or program or policy in realizing the goals, objectives, mission and vision of the organization contained in the strategic planning of an organization. The term performance is often used to refer to achievement or level of success of individuals or groups of individuals. Performance can be known if the individual or group of individuals has predetermined success criteria. This success criterion is in the form of certain goals to be achieved. Without goals or targets, it is impossible to know the performance of a person or organization because there are no benchmarks. Performance is the results of work functions or activities of a person or group within an organization that are influenced by various factors to achieve organizational goals within a certain period of time. Performance is a process of assessing or evaluating work performance in an organization (Putriana et al., 2015).

Performance is a process used by leaders to determine whether an employee is doing work in accordance with their duties and responsibilities or not, so the steps used to represent performance are selected based on the state of the organization being observed (Obeso et al., 2020). Performance is a keyword that dominates all discussions. Performance is a broad concept that includes multiple meanings, for different audiences, and in different contexts. As a result, the design of performance indicators for private organizations and the public sector becomes difficult. Despite the technical constraints in operationalizing such an abstract concept, a common set of performance indicators may be needed to answer questions about the different dimensions of performance for the two. The task of measuring performance in public sector organizations is very complex (Sudiarta, 2018).

Organizational performance is the totality of work results achieved by an organization. The achievement of organizational goals means that, the performance of an organization can be seen from the extent to which the organization can achieve goals based on predetermined goals. Organizational performance is something that has been achieved by the organization in a certain period of time, both related to input, output, outcome, benefit, and impact. Performance indicators are quantitative and qualitative measures that describe the level of achievement of the goals/objectives that have been set by taking into account the following indicator elements:

- a) Input indicators are everything that is needed so that the organization is able to produce its products, both goods and services which include human resources, information, policies and so on.
- b) Output indicators are something that is expected to be achieved directly from an activity in the form of physical or non-physical.
- c) Result indicators (outcomes) are everything related to the ultimate goal of implementing activities.
- d) Indicators of impacts (impacts) are the influences that are both positive and negative at each level of indicators based on predetermined assumptions (Ahdiyana, 2010).

3. Materials and Methods

3.1. Materials

The type of research used in this research is causal research. The causal research method is research that aims to determine the effect or relationship between two or more variables (Wiradendi Wolor, 2020). In this study to determine the effect of the independent variable, namely organizational ability on the dependent variable, namely employee performance. The method used in this research is a quantitative descriptive method. The descriptive method is research conducted to determine the value of the independent variable, either one or more (independent) variables without making comparisons, or connecting with other variables (Erlangga et al., 2021). Based on the description above, a framework for thinking about the analysis of the relationship between organizational capabilities and employee performance commitment can be made as shown in the Figure 1.

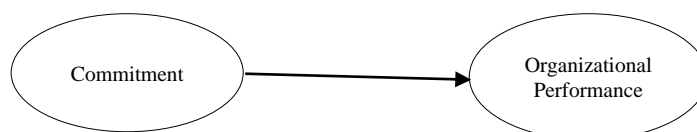


Figure 1: Framework

The development of the hypothesis in this study is the independent variable, namely commitment (X) and the dependent variable, namely organizational performance (Y). So, the proposed research hypothesis is:

Ho : Commitment has not significant effect to organizational performance

H1 : Commitment has significant effect to organizational performance

The method of obtaining data on a causal research design is a survey. The survey method is used to obtain data from certain natural (not artificial) places, but researchers carry out data collection, for example by distributing questionnaires, tests, structured interviews and so on (the treatment is not like in experiments). In other words, the data collection technique is questionnaire. or in the form of a questionnaire (Dhar et al., 2019). In this study, to collect data, researchers used a questionnaire with structured questions. The definition of a questionnaire as a data collection technique by providing a set of questions or written statements to respondents.

3.2. Methods

Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are applied by researchers to be studied and then drawn conclusions. The sample is part of the number and characteristics of the population. The sampling technique used is the purposive sampling method. Purposive Sampling method is a sampling method using certain criteria based on the justification of the researcher (Saputra, 2023). The target population in this study were PD employees. Cibojong (Cow Milk Industry). Data collected through questionnaires/questionnaires with answer choices based on a 5-point Likert number. All answers will be actualized and then processed in certain sequences. The research sample is a convenience sampling of members from a limited population with a predetermined number of samples. Then the sample taken is PD. Cibojong in Garut City with a sample size of 30 respondents.

This analysis is used to determine whether there is a positive effect of the independent variable (X) on the dependent variable (Y) with the following regression model:

$$Y = a + bX + e$$

Information:

- Y : Dependent Variable
- a : Constant
- b : Regression coefficient
- X : Product Innovation
- Y : Business Continuity
- e : error

The purpose of using simple linear regression analysis in this study is to determine how the influence of the independent variable (x) incentives on the dependent variable (y) work effectiveness. Correlation Coefficient and Coefficient of Determination The correlation coefficient (R) shows how big the relationship is between the independent variable (X) simultaneously with the dependent variable (Y). The value of R ranges from 0 to 1, the value closer to 1 means the relationship is getting stronger, otherwise the value is closer to 0 then the relationship is getting weaker. Guidelines for providing interpretation of correlation coefficients are as follows:

- 0.00 – 0.199 = very low
- 0.20 – 0.399 = low
- 0.40 – 0.599 = medium
- 0.60 – 0.799 = strong
- 0.80 – 1,000 = very strong

Regression with more than two independent variables used Adjusted R Square as the coefficient of determination. Adjusted R Square is the value of R Square (R²) that has been adjusted. The coefficient of determination (Adjusted R²) aims to determine how large the percentage of the independent variable is able to explain the dependent variable. The greater the value of the coefficient of determination, the better the ability of the X variable to explain the Y variable (Mamdani & Minhaj, 2016).

Research instruments are tools or facilities used by researchers in collecting data so that their work is easier and the results are better, in the sense that they are more accurate, complete and systematic so that they are easier to process. The instrument used in this research is meant to produce accurate data by using a Likert scale. The Likert scale is a scale created to assess how much respondents agree or disagree about questions on a 5-point scale. Using the quantitative method, it is hoped that accurate measurement results will be obtained about the responses given by respondents, so that data in the form of numbers can be processed using statistical methods (Dhar et al., 2019).

Table 1: Likert Scale Measurements

Response criteria		Score
Completely Agree	CA	5
Agree	A	4
Fairly Agree	FA	3
Disagree	D	2
Completely Disagree	CD	1

The variables in this study are the independent variables which include commitment and the dependent variable includes employee performance. An independent variable is a variable which, if at a time is different with other variables, will change its diversity. Then the dependent variable is a variable that is measured or tested by experiment. This type of hypothesis testing is done statistically where there is an initial suspicion of HO that can be obtained from experience or according to experts. And there is an alternative hypothesis or H1 which will later be compared and selected to determine which conjecture is correct.

Data analysis techniques in quantitative research use statistics. Simple linear regression is a statistical method that functions to test the extent of a causal relationship between causal factor variables (X) to the consequential variables. Causal factors are generally denoted by x or also called predictors, while consequential variables are denoted by y or also called responses (Soleh, 2019). The program used to perform data analysis using the linear method is Statistical Product and Service Solution (SPSS). The measurement scale used by the research is interval. The interval scale is a scale that allows researchers to perform arithmetic calculations on data collected from respondents.

4. Results and Discussion

4.1 Measurement

There are several analyses conducted to examine the correlation between organizational ability and employee performance commitment. The first analysis was conducted to determine the value of the coefficient on the variable X to Y which can be seen from the following Table 2:

Table 2: Coefficient Analysis

		Correlations	
		Commitment _X	Organizational Performance_Y
Pearson Correlation	Commitment_X	1.000	.511
	Organizational Performance_Y	.511	1.000
Sig. (1-tailed)	Commitment_X	.	.098
	Organizational Performance_Y	.098	.
N	Commitment_X	8	8
	Organizational Performance_Y	8	8

Source: SPSS version 25, 2022

In the table above, it can be seen that the correlation analysis of the relationship between commitment and organizational performance resulted in 0.511 and a significant value of 0.098. This value shows a number greater than 0.05, then the value is positively and significantly related. This shows that the analysis of the relationship between organizational ability and employee performance commitment does not increase. The correlation value of 0.511 indicates that the correlation of commitment to organizational performance has an effective effect.

The second analysis was conducted to determine the level of analysis of the relationship between organizational ability and employee performance commitment in PD. Cibojong. The coefficient of determination is used to calculate how much contribution or contribution of variable X to variable Y, or in other words to calculate the magnitude of the analysis of the relationship between organizational ability and employee performance commitment. The value of the coefficient of determination can be seen in the Table 3.

Table 3: Model Summary

Model	Model Summary						Change Statistics		
	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.511 ^a	.261	.138	7.813	.261	2.116	1	6	.196

a. Predictors: (Constant), Organizational_Performance_Y

Source: SPSS version 25, 2022

From the test results above, intensive giving to the commitment relationship was 56.8%, while the remaining 44.8% was influenced by other factors not found in this study. Then the low due to organizational performance. The third analysis was conducted to find out whether the three indicators of commitment together affect organizational performance. In this study, the main hypothesis tested was Ha: The Correlation between Commitment and Organizational Performance. Significance value $0.511 > 0.05$, then Ha is acceptable and can be applied widely outside the research focus and see in Table 4.

Table 4: ANOVA

Model	ANOVA ^a					
	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	129.198	1	129.198	2.116	.196 ^b
	Residual	366.302	6	61.050		
	Total	495.500	7			

a. Dependent Variable: Commitment_X

b. Predictors: (Constant), Organizational_Performance_Y

Source: SPSS v.25, 2022

Based on the data above, because the value of sig < 0.05 , it means that there is a significant relationship between commitment and organizational performance. That is, if the analysis of the relationship between commitment is interrelated with organizational performance.

5. Conclusion

Based on the research findings, the researchers concluded that "The Correlation between Commitment (X) and Organizational Performance (Y) is about 56.8%. To be specific, the conclusion covers the following information:

- There is a correlation between Commitment (X) and Organizational Performance (Y)
- 56.8% of the Commitment is influenced by Organizational Performance

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