ORGANISATIONAL COMMITMENT AND JOB PERFORMANCE IN BANKING INDUSTRY

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Abstract—Job performance is essential to all companies in every business sector. Some of factors which is capable to predispose job performance are work environment and organisational commitment. Those factors can be nurtured or increased by designing new building and work stations, nurturing solid relationships among employees and allowing employees to contribute further for the corporation. Data were collected from contract and full-time employees work in banks in Indonesia. 200 questionnaires were distributed to the participating banks. Data were collected from staff or operational employees, assistant managers and managers. Out of 200 questionnaires distributed, 150 questionnaires were completed and returned and 50 questionnaires were not completed and returned. The purposes of this investigation are to explore the predispose of work environment and organisational commitment on job performance in banking industry and discover which factors have the most effect on job performance in banking industry. The results of hypotheses testing shown suggest that work environment predisposes organisational commitment, and work environment predisposes job performance, organisational commitment does not predispose job performance, and work environment does not predispose job performance with organisational commitment as a mediator.

Index Terms— Work environment, Organizational commitment, Job performance, Banking industry, Employee, Company, Indonesia.

1 INTRODUCTION

A number of banks need to provide a nice and appropriate work atmosphere for all employees so that the hoped-for job performance is accomplished. However, the fervor job performance is not always accomplished despite providing the best work environment. According to investigation conducted by [1] states that 54 percent of employees are disturbed by the sounds of telephone conversations and ringing while working that predisposes work ability, mentality, performance and targets to be accomplished. In addition to the work environment, organisational commitment is the second factor of job performance and only a few studies pay attention to those factors so this investigation will focus on the predispose of work environment and organisational commitments on job performance. In companies’ daily activities, job performance shown by employees is sometimes incapable to achieve what is fervor or does not achieve maximum results because the work environment provided is not appropriate or less nice for the workers. If the problem is not resolved, it is impossible to reach the highest level of job performance. Then [2], [3] stated that work environment is essential for employees so that job performance can be improved or can be nurtured if it continues to achieve maximum results. Although work environment is a noteworthy factor in the corporation, organisational commitment is also taken into account.

2 LITERATURE REVIEW

2.1 Work Environment

Creating a friendly work environment is one of the prominent factors in a company for the sake of improving employee performance and employee satisfaction. Work environment can change along with the times and business developments carried out by the corporation. Employees can feel whether the corporation is capable to achieve the fervor aims and whether employees remain committed to the corporation by observing the existing work environment [4], [5], [6]. By witnessing this phenomenon, the corporation should improve the work environment so that the fervor performance and results are more often accomplished. As for [7] define work environment is the physical and non-physical environments that can predispose employees’ work during carrying out tasks and have a positive clout on the corporation. Then [8] also define work environment as the tangible and non-tangible aspects experienced by all employees in their daily work and have a positive impact on the corporation. According to [9], work environment is the physical atmosphere in which workers predisposes their performance, salvation, and grade of work life. Likewise [10], view work environment as a peaceful environment in a company which should have elements of comfort, pleasant atmosphere, good working relationships among employees and superiors, good time management and freedom to work. Work environment is not always discussing the comfort of the physical work area but also creating a pleasant, entertaining and strengthening social relations at work [11].

2.2 Organizational Commitment

It is substantial to consider organisational commitment in a company because it will boost job performance, organisational performance and lower turnover [12]. As for [13], [14] define organisational commitment as the opus shown by employees to become good company personnel by adjusting themselves to the corporation's worths and aims. Then [15], [16] are views organisational commitment is the participation and contribution shown by employees in the corporation. Likewise [17] describe organisational commitment is the behavior shown by employees that predisposes contribution and turnover of employees in the corporation. Similarly [18] illustrate that organisational commitment arises from interactions between employees and the corporation which are seen from the submission and obedience of employees to the worths and
mission set by the corporation. Then [19] define organisational commitment as “a strong faith in and admission of organisational aims and values; readiness to employ tremendous opus on behalf of the organization, and define fervor to nurture comity fellowship”. Likewise [20] notice that organisational commitment reflects the grade to which a person attaches himself to a corporation and is undertaken to supporting organisational aims. As for [21] perceive that organisational commitment is the fervor shown by employees to nurture organisational fellowship, recognition with aims, organisational triumph, employee loyalty, and readiness to work hard on behalf of the corporation. Then [22] interprets organizational commit- ment as a situation where an employee is tied to his or her work and must contribute to the corporation during his or her tenure at the corporation.

2.3 Job Performance

A Job performance is related to how well and effective the work carried out by an employee so that the aims of themselves and the corporation are accomplished. The amount of employee contributions to the corporation such as attendance, good quality of work, always achieving the fervor target and being involved in projects run by the corporation are also part of job performance [23]. To achieve high level of job performance, companies must promise employees in the form of promotions, salary increases or bonuses if the target is accomplished so that employees are satisfied at work [24]. Then [25] perceives that job performance is concerning the worth of contributions shown by employees towards the achievement of company aims. Likewise [26] consider job performance as actions and behaviors that can be controlled by an individual in the corporation so that company aims can always be accomplished. As for [27] observe that job performance as a means of measuring an employee’s performance whether his or her own aims and company aims have been accomplished. Similarly [28] notice that job performance is an opportunity to evaluate an employee’s aims during his or her tenure. Then [29] views job performance as the quantity and quality of work accomplished by individuals or groups and emphasizes whether the task has been accomplished effectively. Simplifies the definition of job performance as the assessment of the quantity of output or quality of job performance of an employee that is not related to job satisfaction [30]. Job performance is also related to financial numbers and a combination of aspects of expected behavior and tasks [31]).

3 INVESTIGATION CONSTRUCT

Theoretical framework and hypotheses

The investigation construct is shown as follows:

![Fig.1. Investigation Construct](image)

1. Work environment and organisational commitment

Creating a nice work environment is a major factor in increasing employee satisfaction and organisational commitment. Work environment is a safe and nice atmosphere created by the corporation so that employees are capable to work optimally. A nice work environment has four things, namely: 1) Complete facilities and infrastructure, 2) A pleasant work environment, 3) Guaranteed security, 4) Lack of noise. The more comfort work environment is, the more employees are capable to work more effectively and efficiently [32], [33], [34]. Technology, job design and decision-making models in companies are also factors that predispose an employee’s organisational commitment [35].

2. Organisational commitment and job performance

Organisational commitment is an employee’s psychological attachment to the corporation to help the corporation achieve its aims [36]. Then [37], define organisational commitment as the fervor of employees to be committed and loyal to the organization. Organisational commitment is one prominent factor for the corporation to retain talented and excellent employees. Organisational commitment is seen as the core of human resource management. Organisational commitment transforms traditional labour management into the core of human resources [38]. All definitions of organisational commitment emphasize on employees who are willing to serve further, are always work hard and have a strong intention to remain in the corporation, in contrast to employees who have low commitment [39], [40]. Employees, who are committed to the corporation, are capable to show high job performance [41], [42], [43], high levels of job satisfaction [44], [43] and decreased “employee turnover” [45], [46].

3. Work environment and job performance

Creating a nice work environment in the corporation is very prominent because it relates to job performance. Good work environment practices can generate benefits to the organisation which can encourage employees to produce positive behaviour and prevent disloyalty and dissatisfaction [47]. Not only that, the work environment that can rectify worker welfare and performance is seen as a strategy to improve company efficiency and productivity [48]. Employees sometimes have expectations and demand friendly work environment that facilitates them to do their work optimally. When the work environment is adequately provided, it can increase the competitiveness of the organisation [49]. In addition to considering the physical environment, non-physical environments such as social relations must also be considered. Humour when interacting is one of the social relationships that needs to be done by superiors so that employees have freedom to argue and share ideas, knowledge and experience with colleagues and superiors. By creating a good work environment, job performance is expected to improve. Job performance is an opus for the corporation to assess whether the employee has accomplished the corporation's task targets, roles or objectives [25]. Job performance is determined in the job performance review to assess each employee. Some of the factors assessed are time management, leadership skills, and productivity. In order to achieve a high job performance, it
requires interests, talent, motivation, incentives and involvement [7].

Based on the description above, the hypotheses proposed in this investigation is written as follows:

\begin{align*}
H_1 & : \text{Work environment predisposes organizational commitment} \\
H_2 & : \text{Organisational commitment predisposes job performance} \\
H_3 & : \text{Work environment predisposes job performance} \\
H_4 & : \text{Work environment predisposes job performance with organisational commitment as a mediator}
\end{align*}

4 INVESTIGATION METHODOLOGY

Population and Sample

Data were collected from contract and full-time employees work in banks in Indonesia. Determination of sample size is done using [49] formula. The formula is shown as follows: Sample : five times the number of Indicators [49] formula, the number of indicators used in this investigation are 30 indicators. So, a total of 150 employees answered questionnaires is a minimum number of respondents and adequate to be used as sample.

In total, 200 questionnaires were distributed to the participating banks. Data were collected from staff or operational employees, assistant managers and managers. Out of 200 questionnaires distributed, 150 questionnaires were completed and returned and 50 questionnaires were not completed and returned. The sample of employees was 58.7% male and 41.3 % female with a mean age of 28 years. A total of 88.7% of the sample was full-time employees and 11.3% of the sample was contract employees. The average of job tenure for the sample was 3 years and the total years of working experience was 15 years. As far as the grade of education was concerned, 98.7% of the employees held bachelor degrees whereas 0.7% held senior high school degree and post-graduate degree respectively.

Measurement of Variables

Work Environment

Work environment was gauged by nine items developed by [50]. Every item was gauged on 5 consideration with responses ranging from “Strongly Disagree” (point-1) to “Strongly Agree” (point-5). The standard of digression for this variable was 0.628 and the Cronbach’s coefficient alpha was 0.682.

Organisational Commitment

Organisational commitment was gauged by six items developed by [51]. Every item was gauged on 5 consideration with responses ranging from “Strongly Disagree” (point-1) to “Strongly Agree” (point-5). The standard of digression for this variable was 0.680 and the Cronbach’s coefficient alpha was 0.731.

Job Performance

Job performance was gauged by nine items developed by [52]. Every item was gauged on 5 consideration with responses ranging from “Strongly Disagree” (point-1) to “Strongly Agree” (point-5). The standard of digression for this variable was 0.497 and the Cronbach’s coefficient alpha was 0.786.

5 RESULT

Hypotheses Testing

After testing the goodness of fit, it was found that the model turned out to be feasible for hypothesis testing. Hypothesis testing is performed using the Structural Equation Model (SEM) method. Hypothesis test decision making is done by comparing the \( p \)-worth with a level of significance of 0.05 (error rate \( \alpha = 5\% \)) and 95% confidence level. The consideration of hypothesis decision making is from the \( p \)-worth where the \( p \)-worth \( \leq 0.05 \), then \( H_1 \) is accepted, which means that there are predisposes from both variables and the \( p \)-worth \( \geq 0.05 \) then \( H_1 \) is rejected, which means there is no effect of the two variables. The purpose of testing the hypothesis is to answer the problems raised in the investigation by rejecting the null hypothesis (\( H_0 \)) so that the alternative hypothesis (\( H_0 \)) can be accepted. This can be done by looking at the significance worth of each effect of the variables proposed in the investigation. The results of hypotheses testing shown suggest that work environment predisposes organisational commitment (hypotheses 1) and work environment predisposes job performance (hypotheses 3) because the level of both \( p \)-worth is below 0.05 whereas organisational commitment does not predispose job performance (hypotheses 2) and work environment does not predispose job performance with organisational commitment as a mediator (hypotheses 4) because the level of both \( p \)-worth above 0.05 (see tetable VI).

6 CONCLUSION

The results showed earlier that work environment predisposes organisational commitment. This result is similar to the several investigationes conducted by [33], [53], [54]. They believe that work environment is one of factors that can predispose organisational commitment where companies must provide secure, nice and conducive work environment in pursuit of high organisational commitment. It can be seen from the day-to-day work such as ability to explain the details of work done by employees, continuous communication between employees and supervisors or superiors, appreciation of the ideas conveyed by employees and the modern and stylish looks of office or workstations. The more nice and secure the work environment, the higher employees’ organisational commitment to the corporation. Work environment also predisposes job performance. This result is similar to the number of investigationes conducted by [55], [56]. They perceive that the better working environment, the higher job performance of employees. Employees will nice working from the beginning to the end of tasks, willing to accomplish their responsibilities, prefer to collaborate with colleagues while working, showing flexibilities in performing tasks. The more conducive the work environment, the more often employees achieve high job performance in the corporation. The contrasting result showed that organisational commitment does not predispose job performance. This result is distinct from several investigationes conducted by [57], [58], [59]. They affirmed that organisational commitment positively
predisposes job performance. Companies are expected to provide training and allow employees to get involved in finding solutions of problems that arise in companies and therefore organisational commitment is likely to improve. The astonished result also showed that work environment does not predispose job performance with organisational commitment as a mediator. Several investigations conducted by [60], [61] confirm that work environment positively predisposes job performance with organisational commitment as a mediator. Companies are required to equip with complete facilities and infrastructure in order for employees to work effective and efficient, encourage organisational commitment on workers and therefore high grade of job performance is likely to achieve.

REFERENCES


