

**THE IMPORTANCE OF EMPLOYEE  
COMMITMENT ON ORGANIZATION  
PERFORMANCE IN PAPER MANUFACTURING  
INDUSTRY**

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**THE IMPORTANCE OF EMPLOYEE COMMITMENT ON ORGANIZATION  
PERFORMANCE IN PAPER MANUFACTURING INDUSTRY**

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## **DEDICATION**

I would like to dedicate the appreciation to my family members who supported me in terms of spiritual and financial, beloved supervisor and panel who guided me throughout the research and course mates that assisted me through the journey of research.

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## ABSTRACT

Employee commitment always plays a very key role in improving the organizational performance .But the organization performance has been found declining and fluctuation changes from time to time . Therefore, awareness on issues related to employees' job performance is getting concern from other researchers due to lack of previous studies done for it. The purpose of this study was to identify the importance of employee commitment on organization performance in paper manufacturing industry in Cheng , Melaka . The main objective of this research was to determine the relationship among affective commitment , normative commitment and continuance commitment towards the organization performance. This research was vital because it will help organizations in the manufacturing industry gain insight into the importance of employee. The quantitative survey research design was applied in this study and data was collected by using questionnaires as research instrument. The five-point Likert rating scale had been used to measure the level of influence of each element in the questionnaire. The data were analyzed using various statistical techniques such as Statistical Package of Social Science (SPSS), descriptive statistic , Pearson Correlation and multiple regression . The results of the study indicate that affective commitment and continuance commitment were significantly related to organizational performance in paper manufacturing industry while normative commitment had no significance relationship toward organization performance. The research findings reveal that there is a positive relationship between the three commitments and organizational performance. The results also showed that there is a strong correlation between the three independent variables and organizational performance. These results in turn are associated with guiding the top management for working towards increasing employees' commitment level. Some of the recommendations made are that: the management should hire employees who are likely to become linked to the organization; management should create clear and realistic job and organizational previews. This will lead the organization towards promising competitive edge .

*Keywords: Employee commitment , affective commitment , normative commitment ,continuance commitment ,organizational performance.*

## ABSTRAK

*Komitmen pekerja sentiasa memainkan peranan yang sangat penting dalam meningkatkan prestasi organisasi. Tetapi prestasi organisasi telah didapati berubah dan turun naik dari semasa ke semasa. Oleh itu, kesedaran mengenai isu-isu yang berkaitan dengan prestasi pekerja menjadi perhatian daripada penyelidik lain kerana kekurangan kajian terdahulu yang dijalankan. Tujuan kajian ini adalah untuk mengenal pasti kepentingan komitmen pekerja terhadap prestasi organisasi dalam industri pembuatan kertas di Cheng, Melaka. Objektif utama penyelidikan ini adalah untuk menentukan hubungan di antara komitmen afektif, komitmen normatif dan komitmen berterusan (pembolehubah bebas) ke arah prestasi organisasi (pembolehubah bergantung). Penyelidikan ini adalah penting kerana ia akan membantu organisasi dalam industri perkilangan mendapat pandangan mengenai kepentingan pekerja. Reka bentuk penyelidikan tinjauan kuantitatif telah digunakan dalam kajian ini dan data telah dikumpul dengan menggunakan soal selidik sebagai instrumen kajian. Skala penilaian Likert lima mata telah digunakan untuk mengukur tahap pengaruh setiap elemen dalam soal selidik. Data dianalisis dengan menggunakan pelbagai teknik statistik seperti. Pakej Statistik untuk Sains Sosial (SPSS), statistik deskriptif, korelasi Pearson dan regresi berganda. Hasil kajian menunjukkan bahawa komitmen afektif dan komitmen berterusan berkaitan dengan prestasi organisasi dalam industri pembuatan kertas manakala komitmen normatif tidak berkaitan dengan prestasi organisasi. Penemuan penyelidikan menunjukkan bahawa terdapat hubungan positif antara tiga komitmen dan prestasi organisasi. Keputusan juga menunjukkan terdapat hubungan yang kuat antara tiga pembolehubah bebas dan prestasi organisasi. Hasil ini pula dikaitkan dengan membimbing pengurusan puncak untuk bekerja ke arah meningkatkan tahap komitmen para pekerja. Beberapa cadangan yang dibuat adalah: pengurusan harus mengupah pekerja yang mungkin dikaitkan dengan organisasi; pengurusan harus membuat pratonton pekerjaan dan organisasi yang jelas dan realistik. Hal ini akan membawa organisasi ke arah mempunyai arah kelebihan daya saing.*

*Kata Kunci :Komitmen pekerja , komitmen afektif, komitmen normatif , komitmen berterusan , prestasi organisasi*



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**LIST OF ABBREVIATIONS**

<b>ABBREVIATIONS</b>	<b>TITLE</b>
DV	DEPENDENT VARIABLE
IV	INDEPENDENT VARIABLE
SPSS	STATISTICAL PACKAGES FOR SOCIAL SCIENCE
AC	AFFECTIVE COMMITMENT
NC	NORMATIVE COMMITMENT
CC	CONTINUANCE COMMMITMENT
OP	ORGANIZATION PERFORMANCE

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 INTRODUCTION**

This chapter will be presented in the systematic plan, such as research background , problem statement , research questions and objectives , scope of study , key definition, significance of the study , limitation of the study and summary. The purpose of this study is to understand the importance of employee commitment on organizational performance . In this study will discuss the employee commitment that consists of affective commitment , normative commitment and continuance commitment on an organization performance in paper manufacturing industry . This matter will directly affect the job performance of employees in a well-organized structure and organizational culture.

## 1.1 RESEARCH BACKGROUND

Every organization needs human resources to manage the organization's operations at all levels and departments. Employee performance is always a major factor influencing the success of each industry or organization. Therefore, the purpose of this study is to explore and understand the importance of employees commitment on the organizational performance in paper manufacturing industry in Cheng , Melaka.

Committed employees are increasingly becoming a valued asset in organizations .This is because employees would only be more capability and perform well when they are placed in a right position (William, 2010). In addition, employees are considered as a very important “tool” to help companies and organizations to achieve more in their business.

Because of this , commitment has drawn wide attention in Human Resource literature . Information about employee commitment is seen as an important predictor of employee loyalty and the performance of an organization. Employees are more likely to be satisfy and productive when they are committed to their work and place of business . Most organizations have realized that worker performance plays a crucial role in determining the success of an organization (Zheng, 2010; Ajila & Awonusi, 2004). Therefore, it is important for employers and managers to understand how to get the best of their employees.

They are less likely to find a job and are tempted by recruiters who seek passive candidates and are most likely to pursue promotion. In general, this is the relationship between employees and the workplace. Most employees feel they adapt and understand the values of the organization when they are committed . Committed employees bring added value to the organization, including through their active support, determination , relatively high productivity and awareness of quality. They are also less likely to absent or leave the organization. John & Elyse (2010), pointed

out that a committed employee is one that will stay with the organization. A number of studies have been conducted over the years to determine the accuracy of this statement . Finally , many have concluded that committed employees spend more time in the organization than those who are less committed (Scott, 2007) .

Uncommitted employees can work against to the organization and hold back the success of the organization. It is not good enough to let employees work faithfully and work independently everyday . There are three components of commitments which are affective commitment , continuance commitment and normative commitment (Meyer & Allen ,1991). There are countless avenues a committed employee might show how much they value the company, such as sharing job posts on their personal social media accounts , proudly wearing company swag , using company hashtags in a positive way and so on . Higher level of employee commitment in the organization for individual projects or to the business is assumed as a major reason for better organizational performance that leads to organizational success.

## 1.2 PROBLEM STATEMENT

In today's competitive and dynamic world , every organization is facing new challenges regarding competitive organizational performance and creating loyal employees . In the present competitive environment no organization can perform at the highest level , unless each employee in the organization is committed to the goal of the organization ( Anthony Andrew, 2017 ) . Therefore, understanding the concept of commitment and its impact for feasible outcomes is important.

Employers sometimes get confused why high-paying employees perform poorly and resign and leave the organization. Management cannot understand why some employees are not committed to the organization, even though they have proactively implemented fair compensation policies and human resources (HR) practices to motivate and retain them. The cost will be high if employees are not committed to their jobs . Organizations need to understand the requirements and personal wishes of employees that need to be considerate . This can determine if the employee feels positive or negative about the organization and needs too be treated individually.

In addition, recent research has shown that highly committed practices work well together and reflect a general commitment strategy. Furthermore , high commitment work practice do improve performance , labour productivity and the quality of devices .This study will help to determine relationship of employees' commitment on organizational performance in the paper manufacturing industry .

### **1.3 RESEARCH QUESTION**

The following research questions had been determined to achieve the research objectives and to determine the relationship between employees commitment and organization performance:

- Is there any relationship between affective commitment and organization performance ?
- Is there any relationship between normative commitment and organization performance ?
- Is there any relationship between continuance commitment and organization performance ?
- What is the most important employee commitment that affect the organization performance ?

#### **1.4 RESEARCH OBJECTIVE**

This study is carried out to identify and understand the relationship between employees commitment and organization performance . These are the research objectives that attempted to be achieved in the end of the study:

- To determine the relationship between affective commitment and organization performance .
- To determine the relationship between normative commitment and organization performance .
- To determine the relationship between continuance commitment and organization performance .
- To determine the most important employee commitment that affect the organization performance .