

The Influence of Job Satisfaction Affecting Organizational Commitment of the Small and Medium Business Employee

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Abstract

The purposes of this research were: 1) to study the degree of job satisfaction the small and medium business employee 2) to study the degree of organizational commitment the small and medium business employee 3) to study the correlation coefficient between job satisfaction and organizational commitment of the small and medium business employee 4) to study the influence of job satisfaction affecting organizational commitment of the small and medium business employee. The sampling group was the 550 SME's employees in Phetchabun province. The tool for data collecting was a five rating scale questionnaires. The statistics used in this research were percentage, mean, standard deviation, pearson correlation coefficient and enter multiple regression analysis. The result shows that the degree of job satisfaction the small and medium business employee is overall found to be high ($\bar{x} = 3.84$). The degree of organizational commitment the small and medium business employee is overall found to be high ($\bar{x} = 3.75$). The level of satisfaction of all elements contains a positive correlation towards the organizational commitment, with a statistic significance value of 0.01. The job satisfaction on individualism has influence on organizational commitment as it carried the value (beta = .386, $t = 10.153$, $p < 0.001$). And job satisfaction on work conditions has influence on organizational commitment as it carried the value (beta = .303, $t = 7.949$, $p < 0.001$). Both of two variables could predict organizational commitment at 33 percent.

Keywords: Job Satisfaction, Organizational Commitment, Small and Medium Business Employee

Introduction

It is widely accepted that the most important inputs for an organization is people, especially small and medium businesses, which mostly use "people" to drive operations. All of the manufacturing sector, the commercial sector and the service sector, small and medium business enterprises must find the ways to retain knowledgeable and expertise employees in the organization as long as possible.

Many studies have documented that job satisfaction is an important antecedent of organizational commitment (Nguyen, Mai, & Nguyen, 2014; Mohammed & Eleswed, 2013; Knoop, 1995; Testa, 2001; Eslami & Gharakhani, 2012). According to Lyons (2006), organizational commitment has been linked to performance, lower employee absenteeism and lower turnover. Several studies have been conducted which demonstrated the relationship between job satisfaction and organizational commitment. In a study carried out by Aydogdu & Asikgil (2011) on the employees working in the service and production industry, results showed a significant relationship between affective commitment and job satisfaction. Results also showed that there is a significant relationship between job satisfaction and normative commitment. Results also found out a significant and positive relationship between job satisfaction and continuance commitment. According to Kaplan, Ogut, Kaplan & Aksay (2012), the findings of the research indicated that job satisfaction was positively and

significantly correlated with affective commitment. In addition, job satisfaction was positively related to normative commitment. According to correlation analysis; no significant relationship between job satisfaction and continuance commitment was found out. Regression analysis results showed that job satisfaction had a positive effect on affective commitment and normative commitment. On the other hand, it is found out that job satisfaction had no effect on continuance commitment. In contrast, a study conducted by Ahmad & Oranya (2010) showed that there is no significant correlation between job satisfaction and continuance commitment. This is similar to the study conducted by Curry, Wakefield, Price & Mueller, 1986; Gangai & Agrawal, 2015; However, other researchers many studies use different facets of job satisfaction to predict organizational commitment. Then researcher conducted this research to confirm the results, the finding is useful the organization in planning and developing the strategies to enhance the organizational commitment of the employees which directly link to the organizational performance, effectiveness, productivity of the organization. It may become one of the tool and guidance for further actions of management.

Research Objectives

- 1) To study the degree of job satisfaction the small and medium business employee
- 2) To study the degree of organizational commitment the small and medium business employee
- 3) To study the correlation coefficient between job satisfaction and organizational commitment of the small and medium business employee
- 4) To study the influence of job satisfaction affecting organizational commitment of the small and medium business employee

Literature Review

Job Satisfaction: According to Chaisuriyathavikun & Punnakitikashem (2015: 1), Job Satisfaction: A pleasurable or positive emotional that job holder, who performed that job, felt about his or her job from the result of the evaluate job and job holder. Moreover, job satisfaction was the leading indicator to reduce the absence and to increase organizational commitment. Thereby, lack of job satisfaction, it would indicate to high employee turnover rate of that organization. Sarwar & Abugre (2013) shows the results, majority of respondents 90.3% stated that job satisfaction would lead to increase in job performance which would intend increase organizations' profits margin. Similarly, 58.6% of respondents stated that job satisfaction will encourage workers' enthusiasm to work even at odd times, and 53.84% of respondents were of the view that work will be done more accurately and conveniently when there is job satisfaction. All these assertions demonstrate the power of employee job satisfaction in work organizations if managers pay attention to the variables that trigger worker satisfaction. An employee who is satisfied with his job would perform his duties well and be committed to his job, and subsequently to his organization. Thus, it is of utmost importance for employers to know the factors that can affect their employees' job satisfaction level since it would affect the performance of the organization as well (Awang, Ahmad, & Zin, 2010). Many studies have documented that job satisfaction is an important antecedent of organizational commitment (Knoop, 1995; Testa, 2001; Eslami & Gharakhani, 2012).

Organizational Commitment: According to Mowday, Porter & Steers (1982: 27) have come up with a definition of organizational commitment as "the relative strength of an individual's identification with, and involvement in, a particular organization". Grusky (1966: 489) who considered commitment as "the nature of relationship of the member to the system as a whole". Organizational commitment was found to have significant relationship with turnover, productivity and satisfaction (Mathieu & Hamel, 1989). Meyer & Herscovitch (2001) propose that commitment is "a force that binds an individual to a course of action of relevance to one or

more targets". Balfour & Wechsler (1996) organizational commitment is defined as an employee's desire to remain with the organization. Krishnaveni & Ramtumar (2008) further define commitment as a psychological state that characterizes the employee's relationship with the organization, and has implications for the decision to continue membership in the organization. Allen & Meyer (1990) recognized organizational commitment as three kinds which are affective, continuous and normative. Affective commitment is the employees' feelings toward joining the organization, continuous commitment is employees' perceptions of costs if leaving the organization and normative commitment is employees' perceptions of their duties and promises toward the organization.

It has been studies which demonstrate the relationship between job satisfaction and organizational commitment. According to the investigation, carried out by Eslami & Gharakhani (2012) found that job satisfaction have positive and significant effects on organizational commitments. This is similar to the study conducted Mohammed & Eleswed, 2013; Suma & Lesha, 2013; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Aydogdu & Asikgil, 2011; Dirani & Kuchinke, 2011.

Research Methodology

Present research is a quantitative study. The research area focuses on business in Phetchabun province. The population of this research was 71,349 SME's employees in Phetchabun province. (The Office of SMEs Promotion (OSMEP), 2014). Regarding to the sample size, Ratthachatranond formula (Ratthachatranond, 2013: 40) was applied in calculating the number of the sample size as shown below: $n = N / (N-1) (0.05)^2 + 1$; $N = 71,349$, sample size of 399 SME's employees was determined. However, this research determined the sample size of 550 SME's employees in order to obtain more complete, reliable data. A convenience sampling method. The tool for data collecting was a five rating scale questionnaires, it consisted of 3 parts: 1) demographic data 2) the job satisfaction the small and medium business employee 3) the organizational commitment the small and medium business employee. The resulting alpha coefficient showed the job satisfaction is 0.919 and the organizational commitment is 0.810, and the total score was 0.894. As its reliability values were above 0.7, the questionnaire was considered highly acceptable for the data collection (Cronbach, 2003). The statistics used in data analysis were percentage, mean, standard deviation (SD), pearson correlation coefficient and enter multiple regression analysis.

Results

The questionnaire subjects are 55.1 percent female, of which 49.1 percent are aged between 21-30 years old. 55.1 percent of the respondents were married. It is also found that 22.4 percent of them under/primary school educational. There are 50.7 percent have an income level between 10,000-15,000 THB., 25.5 percent have the working experiences of 2-4 years, and 81.1 percent of them work in an employee position.

Table 1 Demographic profile of the small and medium business employee

Demographic Variable	Category	Subordinate (n = 550)	
		Frequency	Percentage
Gender	Male	247	44.9
	Female	303	55.1
Age	> 20	53	9.6
	21-30	270	49.1
	31-40	140	25.5
	41-50	59	10.7
	< 51	28	5.1
Marital status	Single	220	40.0
	Married	303	55.1
	Separated	14	2.5
	Divorced/Widowed	13	2.4
Educational level	Under/primary school	123	22.4
	Junior high school	110	20.0
	High School	119	21.6
	Diploma/Higher	97	17.6
	Vocational Certificate		
	Bachelor's Degree	101	18.4
position	employee	446	81.1
	supervisors	56	10.2
	Manager	48	8.7
Income per month	> 10,000	200	36.4
	10,000-15,000	279	50.7
	15,001-20,000	34	6.2
	20,001-25,000	16	2.9
	25,001-30,000	7	1.3
	< 30,000	14	2.5
Working experiences	> 1	105	19.1
	1-2	120	21.9
	2-4	140	25.5
	4-6	91	16.4
	6-8	30	5.5
	8-10	16	2.9
	< 10	48	8.7

Job satisfaction is ranked as high ($\bar{x} = 3.84$), the aspect that contains the highest mean lies with the issue of individualism ($\bar{x} = 4.00$), whereas the lowest mean concerns the aspect of work conditions ($\bar{x} = 3.69$).

Organizational commitment is ranked as high ($\bar{x} = 3.75$), the aspect that contains the highest mean lies with the issue of normative commitment ($\bar{x} = 3.84$), whereas the lowest mean concerns the aspect of continuance commitment ($\bar{x} = 3.65$).

Table 2 The degree of job satisfaction the small and medium business employee

Job Satisfaction	\bar{x}	S.D	level
Work Conditions	3.69	0.763	high
safety workplace and conducive to work	4.05	0.79	high
salary and benefits	3.89	0.86	high
co-workers	3.71	0.92	high
regulatory	3.71	0.87	high
individualism	4.00	0.64	high
work that interests	4.06	0.89	high
utilize skills and talents	3.79	0.86	high
work accomplished	3.78	0.82	high
work life balance	3.47	0.92	moderate
Overall	3.84	0.588	high

Table 3 The degree of organizational commitment the small and medium business employee

Organizational Commitment	\bar{x}	S.D	level
Affective commitment	3.76	0.57	high
I stop working for a long time, I will miss the organization	4.03	0.85	high
I feel like a part of this family in this organization	3.88	0.74	high
I intend to work for this company for long time	3.80	0.97	high
I am proud of this organization	3.78	0.80	high
I feel attached to this company	3.72	0.81	high
To work in this institute has special meaning for me	3.64	0.93	high
The problem of the organization is my problem.	3.48	0.85	moderate
Continuance commitment	3.65	0.53	high
My life will have trouble if I leave this company at this time	3.97	0.98	high
I am concerns if resign from this organization	3.75	0.85	high
I feel loss if decide to resign	3.72	0.84	high
If I find better job, I will quit this organization right away	3.63	0.99	high
I'm looking for another job	3.53	0.95	high
The other organizations not give salary as much as this organization	3.51	0.88	high
I work in this unit as necessary	3.47	0.88	moderate
Normative commitment	3.84	0.51	high
Employees should be loyal to organization he/she works in	4.11	0.80	high
Everyone in this institute has meaningful	3.99	0.81	high
This organization give me good things	3.93	0.78	high
I think people frequently change jobs	3.86	0.85	high
This organization is the best. I want to work here	3.81	0.75	high
I'm not resign from the organization at this time because I have feeling to personnel in this organization	3.66	0.94	high
I would feel guilty if I left my organization now	3.55	0.87	high
Overall	3.75	0.41	high

Concerning the correlation analysis, job satisfaction and organizational commitment of the small and medium business employee. Table 4 shows the correlations coefficient between job satisfaction and organizational commitment of the small and medium business employee. The level of satisfaction of all elements contains a positive correlation towards the organizational commitment, with a statistic significance value of 0.01. That is both of the job satisfaction on

work conditions (JS1) and individualism (JS2) contain a moderate correlation towards the affective commitment (AC) with the figure of 0.569 and 0.468. The job satisfaction on work conditions (JS1) and individualism (JS2) contain a moderate correlation towards the continuance commitment (CC) with the figure of 0.137 and 0.279. Both of the job satisfaction on work conditions (JS1) and individualism (JS2) contain a moderate correlation towards the normative commitment (NC) with the figure of 0.334 and 0.421.

Table 4 The correlations coefficient between job satisfaction and organizational commitment of the small and medium business employee

	JS1	JS2	AC	CC	NC
JS1					
JS2	.400**				
AC	.569**	.468**			
CC	.137**	.279**	.304**		
NC	.334**	.421**	.486**	.379**	

**Correlation is significant at the 0.01 level (2-tailed).

JS1 = work conditions, JS2 = individualism, AC = affective commitment, CC = continuance commitment, NC = normative commitment

The results of enter multiple regression analysis, show the beta values of under study variables which depict the individual influence of independent variable on the dependent variable. Furthermore, to check the impact of job satisfaction on organizational commitment a multiple regression analysis was applied with Durbin-Watson for analyzing the nature of correlation among variables. Table 5 elaborates the results in this regard. The R Square value depicts the total variation in dependent variable (organizational commitment) due to the impact of independent variables (job satisfaction). It shows that the independent variables have 33.4 %. Durbin-Watson is calculated to check out the nature of correlation exist among the variables, either correlation is positive, negative or zero. Moreover the value of Durbin-Watson is 1.553, which is less than 2 depicts that there is significant positive correlation among the study variables.

Table 5 Model summary (dependent variable: organizational commitment)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.578 ^a	.334	.332	.34090	1.553

a. Predictors: (Constant), JS1, JS2

b. Dependent Variable: organizational commitment

Table 6 depicts how much significance exist between the variables under discussion. It is another matter that whether it is acceptable or not. The result of ANOVA table depicts that significance level is.000 which is less than.05 ($F = 137.452$, $p < .000$). It means that job satisfaction has strong and acceptable influence on organizational commitment.

Table 6 ANOVA (dependent variable: organizational commitment)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.947	2	15.973	137.452	.000 ^b
	Residual	63.568	547	.116		
	Total	95.514	549			

a. Dependent Variable: organizational commitment

b. Predictors: (Constant), JS1, JS2

Table 7 Coefficients (dependent variable: organizational commitment)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.139	.099		21.593	.000		
	JS1	.165	.021	.303	7.949	.000	.840	1.191
	JS2	.251	.025	.386	10.153	.000	.840	1.191

a. Dependent Variable: organizational commitment

Table 7 shows the job satisfaction on individualism has influence on organizational commitment as it carried the value (beta =.386, t = 10.153, p < 0.001). And job satisfaction on work conditions has influence on organizational commitment as it carried the value (beta =.303, t = 7.949, p < 0.001). Collinearity had also been checked as tolerance value is 0.840 and VIF value is 1.195 which depicts that there is no collinearity exist in the data.

The regression equation shows the relationship between job satisfaction and organizational commitment as follows:

$$\text{Organizational commitment} = 2.139 + 0.386 \text{ job satisfaction on individualism (JS2)} \\ + 0.303 \text{ job satisfaction on work conditions (JS1)}$$

Discussion

From the study, it concluded that job satisfaction play an important role in making an organizational commitment of the small and medium business employee. The correlations coefficient between job satisfaction and organizational commitment were found to be statistically significant and positive. The results have shown that, the level of satisfaction of all elements contained a positive correlation towards the organizational commitment, with a statistic significance value of 0.01 which correspond to Aydogdu & Asikgil (2011) indicated that the employees working in the service and production industry, a significant relationship between affective commitment and job satisfaction, normative commitment and job satisfaction, continuance commitment and job satisfaction. And results showed that, the job satisfaction on individualism has influence on organizational commitment as it carried the value (beta =.386, t = 10.153, p < 0.001). In addition job satisfaction on work conditions has influence on organizational commitment as it carried the value (beta =.303, t = 7.949, p < 0.001). On the same note, Eslami & Gharakhani (2012) found that job satisfaction have positive and significant influence on organizational commitments. This is similar to the study conducted by Mohammed and Eleswed, 2013; Suma & Lesha, 2013; Meyer et al., 2002; Aydogdu & Asikgil, 2011; Dirani & Kuchinke, 2011; Budrat & Arsuwattanukul, 2015. These results can use the organization planning and developing the strategies to enhance the organizational commitment of the employees which directly link to the organizational performance, effectiveness and productivity of the organization. It may become one of the tool and guidance for further actions of management.

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