

Employee Performance through the Lens of Organizational Commitment and Job Satisfaction: A Focus on IT Companies in Kolkata

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Abstract

This research disentangles the relationship of organizational commitment, job satisfaction, and perceived “employee performance” among IT companies in Kolkata. The main factors of employee engagement and motivation, which are known to lead to high levels of performance in the workplace, include organizational commitment itself and job satisfaction. However, these relationships play out differently between industries and cultural contexts. A mixed-methods approach was adopted, and data were gathered from employees of different IT companies located in Kolkata, through surveys and semi-structured interviews. The surveys assessed “organizational commitment,” “job satisfaction” and “perceived performance” of the employees, whereas interviews enabled a deeper dive into factors that might impact one's organizational commitment, job satisfaction, or perceived performance, also offering potential actions for improvement.

Initial Observations: Possible input from organizational commitment and “employee performance” perception in IT companies in Kolkata (+ve). Greater job satisfaction is likely to lead employees to perceive themselves as more effective in their roles. However, the effect of job satisfaction on perceived performance remains non-significant! These results add to our understanding of the factors influencing employee motivation and performance in IT industry employees in Kolkata.

Keywords: Organizational commitment, Job satisfaction, perceived performance, IT companies, Kolkata, Human Resource Management

1. Introduction

In the ever-evolving IT industry, it is essential for organizations to comprehend the key factors that impact employee performance to achieve success. The present research delves into the association between “*organizational commitment, job satisfaction, and perceived employee performance*” within IT companies in Kolkata, India. Through a comprehensive analysis of these variables, this research aims to provide valuable insights into enhancing organizational effectiveness and employee productivity. Studying the effect of “*organizational commitment and job satisfaction on perceived employee performance*” in IT companies in Kolkata can provide valuable insights into the dynamics of workplace motivation and productivity in this specific industry and location. Here's how each of these factors might contribute:

Organizational Commitment: Organizational commitment refers to the extent to which employees identify with and are involved in their organization (Chen et al., 2015; Luchak & Gellatly, 2007). In IT companies, high levels of organizational commitment can lead to employees being more dedicated, loyal, and willing to go the extra mile for the organization. (Klein et al., 2014; Reevy & Deason, 2014). Factors such as a sense of belonging, alignment with company values, opportunities for growth and development, and supportive leadership can all influence organizational

commitment (**Caught & Shadur, 2000**). Higher levels of organizational commitment can lead to increased job performance as committed employees are more likely to put forth effort, engage in discretionary behaviors, and exhibit proactive problem-solving.

Job Satisfaction: Job satisfaction reflects an employee's feelings and attitudes towards their job and various aspects of their work environment, such as tasks, colleagues, supervision, pay, and benefits (**Bashir and Ramay, 2008**). In IT companies, factors contributing to job satisfaction might include the nature of the work itself (e.g., challenging projects, opportunities for innovation), work-life balance, recognition and rewards, and the organizational culture (**Singh and Pandey, 2004**).

According to **Rehman et al. (2013)**, employees who are satisfied with their jobs are more likely to be motivated, productive, and engaged. They may also experience lower levels of turnover and absenteeism.

Perceived Employee Performance: Perceived employee performance refers to how well an employee's performance is evaluated by themselves, their peers, supervisors, and other stakeholders within the organization.

It's important to note that perceived performance may not always align perfectly with objective measures of performance but can still have significant implications for various outcomes, including promotions, rewards, and career advancement opportunities. (**Bodla & Danish, 2009**). Organizational commitment and job satisfaction can positively influence perceived performance by enhancing motivation, job engagement, and overall job attitudes. (**Pohlman & Gardiner, 2000**)

Studying these relationships in IT companies in Kolkata specifically can provide insights into any unique cultural or contextual factors that may influence organizational commitment, job satisfaction, and perceived employee performance in this setting. This research could inform HR practices, organizational policies, and managerial strategies aimed at enhancing employee motivation, satisfaction, and performance within the IT industry in Kolkata.

2. Literature Review

Employee performance is one of the key factors for an organization to strive well, especially in the case of the fast-paced Information Technology sector. Given the competitive advantage that IT companies face today, identifying factors affecting employee behavior in organizations (EBO) performance such as organizational commitment and job satisfaction is more important than ever. The main objective of this literature review is to assess the research conducted so far in relation to organizational commitment, job satisfaction, and perceived employee performance, especially with reference to IT companies in Kolkata.

Perceived work-life balance, job satisfaction, and organizational commitment have been confirmed at a moderate level by Mohammad Syed, A., and Akhtar (2014). Their results revealed that a good work-life balance and job satisfaction are positively related to the organizational commitment of healthcare workers. In summary, Syed stated: "Our findings could help boost the healthcare workforce's organizational commitment by fostering job satisfaction."

Singh Rajkumar G. (2013) conducted a study on job satisfaction among hospital employees. The study's author placed greater importance on employees having a positive experience within the organization, which contributes to their success. The research focused on employees of private hospitals in Manipur, India, and discovered that relationship behavior, pay and compensation, training, and career growth significantly positively correlated with job satisfaction. Pay and compensation were the most important factors.

Job satisfaction has been proposed as a mediator between organizational commitment and employee performance. Meyer et al. (2002) found that job satisfaction explains the link between organizational commitment and employee turnover intentions. Additionally, Rhoades and Eisenberger (2002) emphasized job satisfaction's role as a mediator between organizational commitment and employee performance.

The IT sector presents challenges and opportunities in organizational commitment, job satisfaction, and employee performance. Factors such as job autonomy, work-life balance, career development opportunities, and organizational culture significantly shape employee attitudes in IT companies (Luthans et al., 2007; Sun et al., 2012). This is particularly

important for Kolkata, which is rapidly growing as an IT hub, where companies need to attract top talent. Jain and Jena (2020) reported that job satisfaction depends on advancement opportunities, workload, supervisor relationships, and compensation.

Given the above findings, it seems valuable to explore the causal path between organizational commitment and employee job satisfaction through their relationship with perceived performance. Studies show that organizational commitment and job satisfaction are essential in influencing employees' perceptions of performance, especially in the IT sector. While research has provided insights into their individual effects, further work is required to examine their interrelationship, particularly in the context of Kolkata's IT industry.

IT companies can improve employee performance by recognizing and addressing the factors that lead to organizational commitment and job satisfaction, which is critical in today's dynamic market environment.

3. Research Gap

Despite numerous studies exploring the relationships between organizational commitment, job satisfaction, and employee performance across various industries, there remains a noticeable research gap concerning their interplay within the context of Information Technology (IT) companies in Kolkata. Existing literature predominantly focuses on Western contexts or broader sectors, neglecting the unique organizational dynamics and cultural nuances prevalent in the IT industry of Kolkata, India.

Specifically, while studies have established the individual impacts of organizational commitment and job satisfaction on employee performance, limited attention has been paid to their combined influence within IT companies in Kolkata. Additionally, the existing research often relies heavily on quantitative methodologies, overlooking the potential insights qualitative approaches could offer into the subjective experiences and perceptions of employees in this context.

Moreover, considering the rapid advancements and evolving nature of the IT sector, there is a scarcity of contemporary research that addresses the current challenges and trends shaping organizational commitment, job satisfaction, and perceived performance among employees in Kolkata-based IT companies. Understanding these dynamics is crucial for devising effective strategies to enhance employee engagement, productivity, and organizational success within this specific context.

Therefore, there is a pressing need for empirical studies that employ mixed-method approaches to investigate deeper into the intricate relationships between organizational commitment, job satisfaction, and perceived performance within IT companies in Kolkata. Such research would not only enrich the academic literature but also provide actionable insights for practitioners and policymakers to foster a favourable work environment and promote sustainable growth within the local IT industry.

4. Objectives

- 4.1 To examine the effect of “*organizational commitment*” on “*perceived employee performance*”.
- 4.2 To explore the impact of job satisfaction and perceived employee performance.

5. Research Methodology

Structured Equation Modeling (SEM) is a statistical technique used to test and estimate causal relationships between variables. It encompasses a variety of statistical methods, including path analysis, confirmatory factor analysis (CFA), and regression analysis, to examine complex relationships among observed and latent variables. SEM allows researchers to evaluate theoretical models and hypotheses by analyzing the direct and indirect effects of variables on one another.

In SEM, researchers specify a theoretical model based on hypothesized relationships among variables. This model is then tested against empirical data to assess how well it fits the observed data. SEM estimates the strength and direction of relationships between variables, as well as the extent to which the model fits the data. It also provides information about

the significance of individual paths and overall model fit indices, allowing researchers to evaluate the validity of their proposed model.

For the present study in hand the researcher used SEM to study the impact of OC and JS on perceived performance. Two hypotheses were tested: 1. “*Perceived Performance*” of Employees are not significantly affected by “*Organizational Commitment*” 2. There is no noteworthy impact of “*job satisfaction*” on the “*perceived performance*”. EFA was performed to identify the factors OC and JS from various constructs (in Table 1). CFA and SEM were performed to validate the factor model. Software used are SPSS 21 and AMOS to perform the EFA and CFA including SEM respectively.

225 respondents were taken for the study by using purposive sampling technique from 3 IT companies in Kolkata.

6. Findings and Interpretation

6.1 Data Analysis: Structured Equation Modeling

Factors	Code
Perceived Performance (Dependent)	PP
Organizational Commitment (Independent)	OC
Organizational Rewards (construct 1)	OC1_N
Family Support (construct 2)	OC2_N
Supervisor Support (construct 3)	OC3_N
Favourable Working Condition (construct 4)	OC4_N
Job Satisfaction	JS
Advancement Opportunity (construct 1)	JS1_N
Workload (construct 2)	JS2_N
Relationship with Supervisor (construct 3)	JS3_N
Financial Rewards (construct 4)	JS4_N

Table 1: Variables Coding

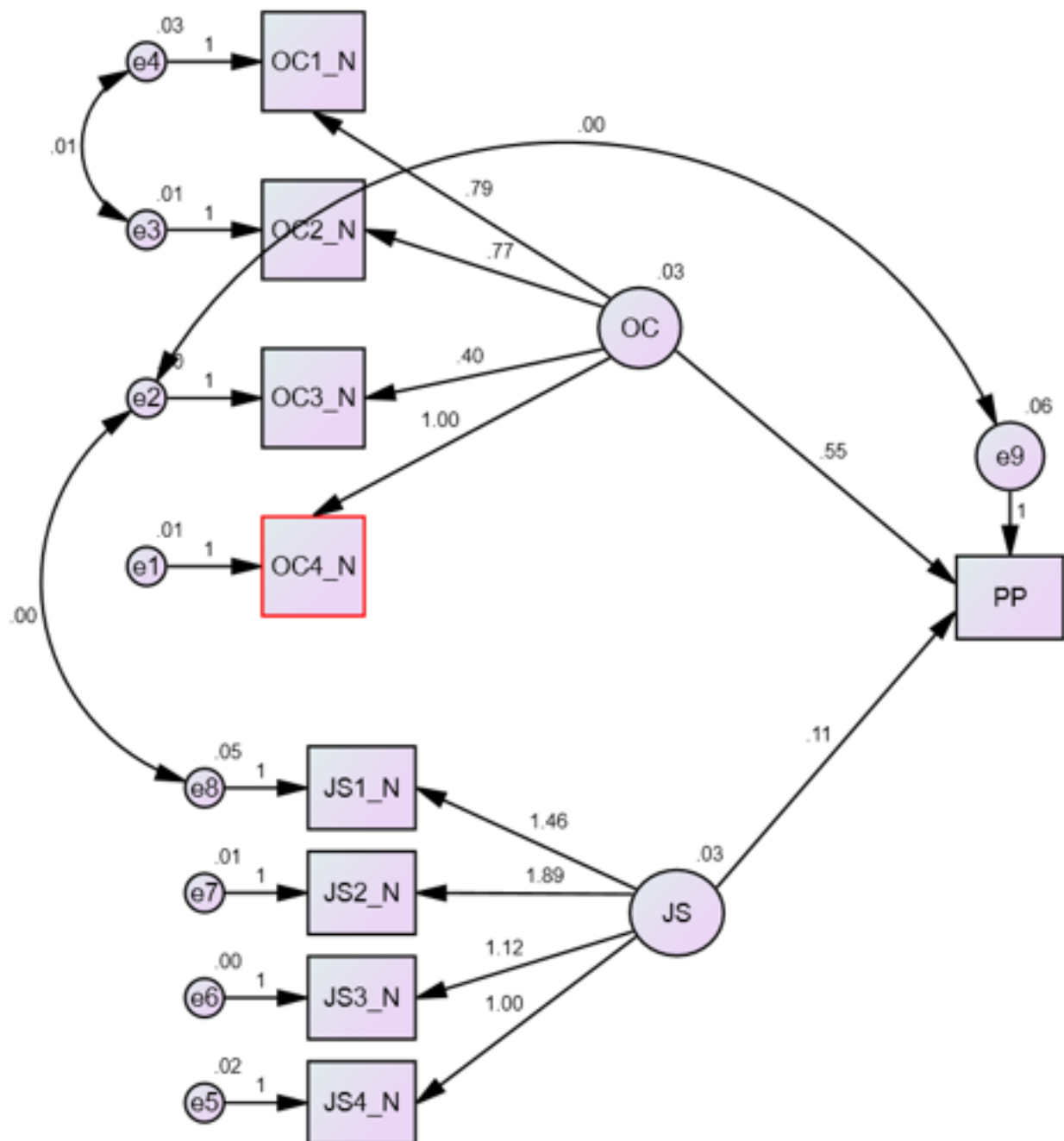


Fig 1: Path Diagram indicating the relationship between OC and JS with PP

6.2 Interpreting the “Final Path Diagram” of SEM

The diagram in Figure 1 displays the factor loadings associated with each variable. It illustrates the significance of factors considered in determining both Organizational Commitment (OC) and Job Satisfaction (JS). Each factor impacting organizational commitment, such as organizational rewards (0.79), family support (0.77), supervisor support (0.40), and favourable working conditions (1.00), surpasses the threshold of 0.35 in absolute value, indicating their relevance in assessing their contribution to organizational commitment. Similarly, factors influencing job satisfaction, including “advancement opportunities (1.46)”, “workload (1.89)”, “relationship with supervisor (1.12)”, and “financial rewards (1.00)”, also exceed the threshold, underscoring their relevance in the model for determining latent variable values.

6.3 Interpreting the final value of “moderation indices” of a SEM (CFA)

CMIN					
Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	22	26.718	23	.268	1.162
Saturated model	45	.000	0		
Independence model	9	648.367	36	.000	18.010

RMR, GFI				
Model	RMR	GFI	AGFI	PGFI
Default model	.002	.948	.899	.485
Saturated model	.000	1.000		
Independence model	.023	.407	.259	.326

Baseline Comparisons					
Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.959	.936	.994	.990	.994
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures			
Model	PRATIO	PNFI	PCFI
Default model	.639	.613	.635
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP			
Model	NCP	LO 90	HI 90
Default model	3.718	.000	20.788
Saturated model	.000	.000	.000
Independence model	612.367	533.444	698.714

FMIN				
Model	FMIN	F0	LO 90	HI 90
Default model	.273	.038	.000	.212
Saturated model	.000	.000	.000	.000
Independence model	6.616	6.249	5.443	7.130

RMSEA				
Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.041	.000	.096	.556
Independence model	.417	.389	.445	.000

Table 2: Model Fit Summary

Category	Index	Adequate level of fitness	Index Value
Absolute fit measure	CMIN/Df	< 5	1.162
	GFI	>.90	.948
	AGFI	>.90	.899*
	RMSEA	<.10	.041
Incremental fit measure	NFI	>.90	.959
	CFI	>.90	.994
	TLI	>.90	.990
	IFI	>.90	.994
Parsimonious fit measure	PRATIO	>.50	.639
	PCFI	>.50	.613
	PNFI	> 0.50	.635
	PGFI	>.50	.485

Table 3: Acceptable Range of Parameters

The following table shows the fitness level of the model. Some norms must be fulfilled before the model is considered completely fit. These include the "Relative/Normed Chi-Square (CMIN/Df)", a goodness-of-fit measure ("GFI"), an adjusted goodness-of-fit index ("AGFI"), and the root mean square error of approximation ("RMSEA"). The values for CMIN/Df, GFI, and AGFI are within acceptable ranges (CMIN/Df < 5; GFI > 0.90; AGFI ~ 0.89), and RMSEA is less than or equal to 0.10. Consequently, the model for organizational commitment, job satisfaction, and perceived performance is proper.

The Incremental Fit Index (IFI), Comparative Fit Index (CFI), Tucker Lewis Index (TLI), and Normal Fit Index (NFI) also indicate a good incremental fit, as their values exceed 0.9 (CFI = 0.910, TLI = 0.886, IFI = 0.90).

The "Parsimony Comparative Fit Index (PCFI)" is 0.635, and the "Parsimony Normed Fit Index (PNFI)" is 0.613, meeting the recommended criteria for goodness of fit. However, the "Parsimony Goodness of Fit Index (PGFI)" is slightly below the desired threshold at 0.485, though it is still considered close enough. Therefore, the model is regarded as "parsimoniously fit."

Testing the hypothesis

Ho₁: "Perceived Performance" of Employees are not significantly affected by "Organizational Commitment".

Ha₁: "Perceived Performance" of Employees are significantly affected by "Organizational Commitment".

Ho₂: “Job Satisfaction” does not significantly impact “Perceived Performance of Employees”

Ha₂: “Job Satisfaction” does significantly impact “Perceived Performance of Employees”

Estimate Output:

PP (Dependent)	S.E.	C.R. (z-value)	p (sig) value
OC	0.157	3.482	***
JS	0.136	0.817	0.414

Table 4: Results of the Estimates

The Standard Error (S.E.) indicates a minimal deviation in the calculation of Organizational commitment, with OC value at 0.157, also a minimum divergence is observed in the calculation of employee job satisfaction level, with a value of 0.136. The P-value demonstrates that the significance value for OC variable exceeds the study's significance level of 0.05. Consequently, the null hypothesis regarding the absence of a noteworthy effect of “organizational commitment” is rejected and the absence of significant impact of job satisfaction on an employee's perceived performance is accepted. This outcome is further supported by the z-score values of 3.482 for OC and 0.817 for JS. Therefore, based on the current study, the analysis of people's perceptions indicates that organizational commitment level has significant impact on perceived performance whereas job satisfaction do not significantly influence an employee's perceived performance.

The above outcome is however supported by Eliyana, A., Sawitri, D., & Bramantyo, H. (2018) in their research article “Is Job Performance Affected By Job Motivation and Job Satisfaction” where the researchers clearly concluded “Job satisfaction does not directly affect job performance even though job satisfaction is quite high. This is because they tend to be satisfied with the same things as an everyday routine in annual periods, as a result, that does not directly affect job performance.”

7. Conclusion & Recommendation

In conclusion, the analysis of “organizational commitment and job satisfaction” in relation to perceived employee concert reveals important insights. The minimal deviations observed in the standard errors for both organizational commitment and job satisfaction underscore the reliability of the calculations. However, the significance level of the organizational commitment variable, exceeding the established threshold of 0.05, leads to the rejection of the null hypothesis regarding its impact on perceived performance. Conversely, job satisfaction does not surpass the significance level, indicating an absence of significant influence on perceived performance.

This finding aligns with the research of Eliyana, Sawitri, and Bramantyo (2018), who similarly concluded that “job satisfaction does not directly affect job performance”, despite its high level. Their explanation regarding the tendency for individuals to find satisfaction in routine tasks without direct impact on performance resonates with the current study's findings.

Therefore, based on the robust statistical analysis and the support from the study, it can be inferred that organizational commitment significantly impacts perceived performance, while job satisfaction does not exhibit a significant influence in this regard. This underscores the complexity of factors contributing to employee performance and highlights the importance of fostering organizational commitment for enhancing perceived performance outcomes.

Based on the findings presented in the analysis, it is recommended that organizations prioritize efforts to enhance organizational commitment among employees. Present research portrays a considerable effect of “organizational commitment” on “perceived performance”, as evidenced by the rejection of the null hypothesis. This suggests that investing in strategies to foster a sense of commitment among employees could lead to improvements in their perceived performance within the organization.

Furthermore, the analysis highlights that job satisfaction, while important, does not significantly influence an employee's perceived performance. This finding underscores the need for organizations to recognize that solely focusing on improving job satisfaction may not necessarily translate into enhanced performance outcomes. Instead, attention should be directed towards fostering a strong organizational commitment among employees.

In conclusion, the implications of this study underscore the importance of organizational commitment in driving perceived performance among employees. By acknowledging and addressing this factor, organizations can better align their human resource practices with the goal of maximizing employee effectiveness and organizational success.

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