



ORGANIZATIONAL COMMITMENT AMONG PRIVATE SECTOR WORKERS IN ANAMBRA STATE, NIGERIA: A CORRELATION OF PAY SATISFACTION.

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Abstract

The study examined the relationship between pay satisfaction and organizational commitment among private sector workers in Anambra State, Nigeria. Two hundred and thirty-two (232) participants comprising 115 males and 117 females aged between 17 – 60 years with a mean age of 29.72 years and standard deviation of 6.82 participated in the study. Two instruments were used: Pay Satisfaction Questionnaire (Heneman and Schwab, 1985), and the Organizational Commitment Questionnaire (Meyer and Allen, 1993). One hypothesis was tested in the study. It stated that pay satisfaction will have a significant relationship with organizational commitment among employees of private organizations and it was accepted at ($r = .18, p < .00$). Hence the study concluded that satisfaction with pay increases employees' commitment in an organization.

INTRODUCTION

A critical view at the level of industrialization in the world, marries the increase in the number of different organizations springing up to meet different needs. The functionality of these organizations depends largely on the individuals who work in such organizations (i.e. the employees). Even in organizations where there are more operating machines than human beings, the fact still remains that humans (individuals) are needed to operate the machines, direct the affairs of such organizations and ensure proper functionality of these machines (Adeyinka, Ayeni & Popoola, 2007). Hence employees are important in every organization and their commitment is of utmost importance as it will go a long way in helping

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organizations achieve their set goals and objectives. It will therefore be appropriate for organizations to pay attention to the wellbeing and satisfaction of their employees in order to increase their commitment. Adeyinka, et. al (2007) opined that every meaningful/effective organization will ensure that its employees are highly committed to their jobs by providing good work environment and make sure that the organizations rules and regulations give support and satisfaction to its employees.

The success, growth and performance of most organizations are achieved by the employees through their support and contribution. Therefore, managers should pay attention on issues and problems encountered by their employees. This is because their satisfaction is a prerequisite of how an organization will fair in terms of achieving its goals and objective. Equity theory by Adams (1963) suggests so. Adams stated that satisfaction especially that concerned with pay is determined by an employees' perceived input-output balance. Input here are (experience, effort, tenure) while output include (pay, benefits). He argued that employees feel satisfied when payment is equitable and feel dissatisfied if an inequity exists. Satisfaction is examined by the ratio of what is received from the organization (output) to what is contributed to the organization (input). If the employee discovers that the ratio between the two are significantly different, tension and dissatisfaction will result and the employee will be motivated to reduce this tension thus him/her may change his/her input or even exhibit withdrawal behaviours. Once he or she is no longer committed, productivity begins to decrease (Adams, 1963; Campbell & Pritchard, 1976).



Therefore, it is an undeniable fact that the future of any business depends upon the satisfaction level of its employees. Dissatisfied employees cause immediate problems to their organization. Thus, commitment of employees is an important instrument for improving the performance of organizations. In reaction to this, it becomes necessary to investigate the impact of Pay Satisfaction on employees' commitment to the organization.

Redmond (2010) defined organizational commitment as the extent to which an employee develops an attachment and feels a sense of allegiance to his or her employer. Allen and Meyer (2000) referred to it as the willingness of employees to exert high levels of effort on behalf of the organization, a strong desire to stay with the organization and the acceptance of the organization's goals, mission, values and objectives. According to Meyer and Allen's (1997) three component model of commitment, there are three "mind-sets" which characterizes an employee's commitment to the organisation namely; affective, continuance, and normative commitment. Affective commitment (AC) refers to employee's perception of the emotional attachment or identification with the organization. Continuance commitment (CC) refers to employee's perception of the cost of leaving the organization to another place. Normative commitment (NC) is the employees' perception of their normal obligation to the organization. Common to these three approaches is the view that commitment is a psychological state that characterizes the employee's relationship with the organization.

As regards organizational commitment of workers (especially those in private sectors), there is divergence of opinions among researchers (Salami, 2008). Some researchers believe that Nigerian private workers are not committed to their organizations (Olugbile, 1996). Others believe that they are committed to organizational goals but that at times it is the organizations that do not show commitment to the plight of the workers (Alarape & Akinlabi, 2000). They believe that organizational commitment reflects one side of the reciprocal relationship between the employer and the employees and as such each party has to play its role. Private sector workers commitment may not only be as a result of just personal decision of workers to be committed to their work. Pay satisfaction such as satisfaction in pay level, pay raise, pay system and pay structure may have a high influence in the level of commitment among workers (Cable & Judge, 1994, Chiu & Chen, 2005). Thus, it is assumed that employees can be committed to their work as a result of some organizational variables such as pay satisfaction, job satisfaction, organizational environment..

Pay has been considered an important reward to motivate the behavior of employees, it refers to all forms of compensation; such as direct cash payments (e.g., salary); indirect non-cash payments (e.g. benefits) and the amount of pay raises and the process by which the compensation system is administered (Taylor & Vest, 1992).

Wang (2006), Hoyt & Gerdloff, (1999) and Miceli & Lane, (1991) defined pay satisfaction as the amount of overall positive or negative affect (or feelings) that individuals have toward their pay. It is also the perceived level of satisfaction



concerning pay and remuneration among employees in any organization. pay satisfaction offers an opportunity for security, autonomy, recognition and an improved self-worth. These increased feelings of self-worth and importance should lead to affective commitment.

Empirical studies have also provided strong connections among these variables.

Tang and Chiu (2003) conducted a study of income, money ethics, pay satisfaction, commitment and unethical behavior in Hong Kong. The researchers used a non-experimental, quantitative design of full time employees in Hong Kong. A sampling plan resulted in a data-producing sample of 211 full-time employees in several organizations and M.B.A. students who have full time work experience in Hong Kong. The finding indicated that pay satisfaction is positively related to organizational commitment.

In the same vein Vandenberghe and Tremblay (2008) examined the role of pay satisfaction and organizational commitment in turnover intentions. The study utilized a sample of 232 participants from pharmaceutical companies and a sample of 221 respondents from multiple organizations in Canada. Results from the study show that effect of pay satisfaction on intended turnover is fully mediated by affective commitment. Also, Igbaria, Meredith and Smith (1994) study comprising of 112 information systems (IS) employees in South Africa, determined that salary levels, job characteristics and job satisfaction had a direct impact on commitment (measured by OCQ).

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Past studies have focused mainly on employees in public establishments; hence the need for this present study focused on employees in private organizations in Anambra State, Nigeria. Thus the question: If pay satisfaction will have a significant relationship with organizational commitment of employees in private organizations.

To address this question, a hypothesis was formulated thus:

- Pay Satisfaction will have a significant relationship with organizational commitment among employees of private organizations.

METHOD

Participants: Two hundred and thirty-two (232) employees selected through accidental sampling from 18(eighteen) private organizations in the three geographical zones (Awka, Onitsha and Nnewi) of Anambra State, Southeast region of Nigeria served as participants in the study. This non-probability sampling technique was used because the participants must give consent to participate in the study and it is only those that consented that were used in the study. Hence, the use of probability sampling is not feasible. The participants comprised of 115(49.6%) males and 117(50.4%) females, whose age ranged from 17 to 60 years with a mean age of 29.72years and standard deviation of 6.82. They all attained a minimum of high school education.

Instrument

Two instruments were used for the study –Heneman and Schwab's (1985) Pay Satisfaction Questionnaire (PSQ) and Meyer and Allen (1993) Organizational Commitment Questionnaire (OCQ). In addition, demographic variables which include gender, age, marital status, educational qualification and length of service in



organization were included in the overall (collapsed) instrument used for the study. A cover letter was included to seek the consent of the participants and to reassure them of the genuine purpose of the research.

The **Pay Satisfaction Questionnaire** was developed by Heneman and Schwab (1985) and validated for Nigerian use by Nnedum and Egwu (2009). The 18-item scale was designed to measure employee pay satisfaction in an organization. The scale has four dimensions which are pay level satisfaction, pay raise satisfaction, benefit satisfaction and structure/administration satisfaction. There is direct scoring of the items on a 5(five)-point scale ranging from 1="very dissatisfied" to 5="very satisfied" indicating the extent to which the item apply to a participant. Heneman and Schwab (1985) reported a cronbach alpha of 0.94 and alternate form reliability of 0.93 while Nnedum & Egwu (2009) using Nigerian samples, reported a cronbach alpha coefficient of 0.91. A reliability coefficient (cronbach alpha) of 0.88 was obtained for pay satisfaction in this study. These confirmed the reliability and validity of the PSQ for the purpose of this study.

The **Organizational Commitment Questionnaire** (OCQ) was developed by Meyer and Allen (1993) and adopted for Nigerian use by Gbadamosi (2006). It is designed to assess employee commitment to an organization. OCQ measures three dimensions of organizational commitment namely; Affective, Continuance and Normative Commitment. Meyer et al (1993), reported internal consistency

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reliability estimates (Cronbach alpha) for affective commitment (.82), continuance commitment (.74), and Normative Commitment (.83). Similarly, using African samples, Gbadamosi (2006) obtained internal consistency alpha reliability coefficients of .73 for affective commitment, .74 for continuance commitment and .66 for normative commitment. While in this study, a reliability co-efficient (cronbach alpha) was obtained for organizational commitment (affective commitment .65, continuance commitment .70 and normative commitment .50). These showed that the instrument is reliable and valid, thus can be used for this study.

Procedure

The researchers identified twenty (20) private sector organizations that had no less than one hundred and fifty workers which was in good standing with the Federal Inland Revenue Service (FIRS) and sought permission from the Managing Director to carry out the study in their organizations. Out of the twenty (20) organizations selected, only five (5) organizations from Awka, six (6) from Onitsha, and seven (7) from Nnewi totaling eighteen (18) organizations granted the researcher the consent to administer the questionnaire to its employees. During their meeting, the questionnaires were distributed and completed by every willing staff. A total of 264 copies of questionnaires were distributed out of which 241 were returned giving a return rate of 91.3% and 232 representing 96.3% were properly completed and useable.

Design and Statistics



Correlation design was adopted for the study while Pearson Product Moment Correlation statistics was used in testing the hypothesis for this study.

RESULTS

The results of the statistical analysis of the data obtained in the study indicated that pay satisfaction had a significant positive relationship $r (n = 228) = .18^{**}$, $P < .01$ with organizational commitment, thus the hypothesis is accepted. This implies that an increase in pay satisfaction will be associated with an increase in organizational commitment of workers.

DISCUSSION

The findings of the study which showed that pay satisfaction had a significant positive relationship with organizational commitment. This reaffirmed the consistent stream of empirical evidence consistently and repeatedly showing that there is a significant relationship between pay satisfaction and organizational commitment (Cable & Judge, 1994; Igarria & Greenhaus, 1992). Tang and Chiu (2003), who conducted a study on income, money ethics, pay satisfaction and organizational commitment in Hong Kong among 211 full-time employees found pay satisfaction to be positively related to organizational commitment. In the same vein, Vandenberghe and Tremblay (2008) and Igarria, Meredith & Smith, (1994)

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study observed that pay satisfaction was significantly related to organizational commitment.

The findings of this study are also in consonance with the equity theory of pay satisfaction. This theory was propounded by Adams (1963). He stated that pay satisfaction is determined by an employees' perceived input-output balance. Input here are (experience, effort, tenure) while output include (pay, benefits). Thus, satisfaction with pay either in reward or salary forms drives employees to be committed to their work and makes them remain with the organization and put in their best.

As such, it is recommended that managers and employers should put in place good pay/reward system that will bring out the best in every worker. Considering the fact that inadequate rewards and low pay can affect the commitment of employees.

Conclusion

Although generalization of results of this study is limited by its scope, the study is nonetheless a major contribution to existing literature on the extent of relationship between pay satisfaction and organizational commitment. It is also relevant for employers and managers of organization who are desirous of improving their productivity. Further study in this area is advocated to buttress more on the issue of pay satisfaction as a predictor of organizational commitment among private sector workers.



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