The Influence of Employee Commitment on Organizational Performance in the leading Insurance Companies in Cagayan de Oro City

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Abstract

One of the most significant factors of achieving superb organizational performance is employee commitment. This is because employees that are more committed to their task are more productive, engaged and aligned with the company's goals which improved results amongst dimensions of performance. This study determines the influence of employee commitment on organizational performance in the leading insurance companies in Cagayan de Oro City. The study employed a mixed method using explanatory sequential design. The research was designed to capture a total population of 143 respondents and 10 participants who have a strong and credible background in the industry. The study conducted using Pearson correlation thru Jamovi software. Furthermore, the data were analyzed through descriptive and inferential statistics.

The study reveals that the total measure of employee commitment is ($r=0.629$, $p<0.001$). The result shows a strong positive correlation with all aspects of organizational performance including employee satisfaction, employee performance and service delivery. This highlights the overall importance of employee commitment in driving positive organizational outcomes.

Hence, Employee commitment, specifically affective, continuance, and normative commitment, positively influenced various indicators of organizational performance, including employee satisfaction, employee performance, and service delivery. This suggests that higher levels of employee commitment can lead to improved organizational outcomes.

Keywords: organizational performance, employee satisfaction, employee performance, service delivery, employee commitment, affective commitment, continuance commitment, normative commitment, insurance company

1. Introduction

Organizational performance pertains to the capacity of an organization to maximize the outcomes and accomplish its objectives. It is the aptitude of an organization to grasp its goals and improve results. In today's setting, organizational performance can be distinct as a company's ability to achieve goals in a state of constant change. Organizational performance is primarily determined by management practices and by employee's active involvement and commitment in fulfilling the companies' strategic goals (Doval, E 2020).

There are three forms of organizational performance considered in this study; employee satisfaction, employee performance and service delivery. Employee satisfaction is a means of gauging how well an organization is performing when employees are happy with their jobs and working conditions. Employee performance has to do with an employee's ability to carry out their duties and complete their assigned tasks. It speaks to the usefulness, excellence, and efficacy of their output. Service delivery. This is the act of providing a service to customers.

In connection with these, other readings have examined the significance amid employee commitment and organizational performance (Mahfouz, 2020). Accordingly, the leaders of the organization have to implement ways to foster commitment among employees as the ability of leaders to lead a team and foster a cooperative work environment are key factors in organizational performance (Gabriela E., 2020). This is because employee commitment has a big impact on how well an organization performs as it contributes in profitability, sales, and a growth in customers patronage (Ulabor E. & Agelebe I., 2019).

Employee commitment can be defined as the emotional and psychological affection that an individual has to their organization. It is hypothesized that employee commitment has considerable and advantageous effects on employee performance based on the aforementioned interpretation. Since then, numerous studies show that SHRM practices which concentrates in connecting employee commitment strongly affect employees' performance (Lim & Nurazwa, 2021). Furthermore, numerous studies claim that SHRM practices which helps aid boost employee commitment nurtured positive work environment, and boosted employee involvement. Additionally, effective SHRM practices which focuses on binding employee commitment can improve individual performance. In the short, medium, or long term, individual performance can have a good or negative impact on the performance of the entire business. (Gabriela, 2020).

Thus, employee commitment plays a significant role in achieving and sustaining high organizational performance as everyone agrees that when employees are highly committed, they give their all to the organization's aims and objectives, giving their time and energy in the process. Additionally, this gives the workers a sense of fulfillment, which further inspires them to give their all. In order to ensure that the employees remain dedicated to the firm, the company must foster employee commitment by using the best practices. To achieve this, organizational management must implement a number of strategies to guarantee that workers form favorable opinions of the company. These methods increase the employees' involvement and job happiness. The motivated, involved and committed employees become a valuable asset for the organization, since such employees lead to upsurge the productivity and hence the performance of the organization. (Satyendra, 2020).

There are three forms of employee commitment considered in this study the affective commitment, continuance commitment and normative commitment. Affective Commitment is an employee's perceived emotional connection to their company. When an employee feels that the company's mission aligns with their personal values and goals and when they feel at home in the workplace, this is when affective commitment is found. Continuance Commitment. It is when the reason behind for employees' commitment lies in their necessity to stay with the organization. The need to remain with an organization may have a variety of causes, but the two basic ones are compensation and the absence of other employment options. Normative Commitment. It is when employees typically feel obligated to remain at their companies. Normatively committed employees are typically dedicated believe that leaving their company would have terrible repercussions and feel guilty about the possibility of doing so.

With these, the study determined the influence of employee commitment on organizational performance.

To profound the previously stated matters, this study aimed to examine the influence of employee commitment on the factors such as affective commitment, continuance commitment and normative commitment on the organizational performance by considering employee satisfaction, employee performance and service delivery

As a result, this study aimed to make a theoretical contribution by reducing the research gap as no such study has examined the influence of employee commitment on organizational performance by making a reference in leading insurance companies in Cagayan de Oro City.

2. Theoretical Framework

The study was anchored primarily on the Side Bet Theory proposed by Howard S. Becker in 1960.

Becker's theory states that the foundation of the connection between an employee and a company is bind into a "contract" of the conduct of economic transactions. This indicates that committed workers are dedicated because they have made "side bets"—investments—that are either fully or partially disguised as a result of their continued employment with a particular company. The "side-bet" investments will hardly ever be claimed if someone departs. The buildup of personal investments is referred to as "side-bets." According to Becker (1960), there are costs that accumulate over time that make it harder for an individual to break a regular pattern of behavior, such as continuing membership in the organization.

According to Becker's methodology, there is a direct correlation between workers' dedication and their voluntary turnover behavior. Employee commitment is really identified as a significant determinant in the rationale for employee voluntary turnover. Later studies that followed Becker's findings corroborated this assertion. These studies suggest that assessing the reasons, if any, a person would leave his organization is a good way to gauge commitment.

Although the leading commitment theory, the side-bet theory, was dropped, the intimate connection between Becker's theories on employee commitment and turnover had an impact on most contemporary conceptualizations of commitment and determined that employee commitment should primarily influence turnover as a behavior. The side-bet approach's impact can be seen in Meyer and Allen's Scale (1991), which could be referred to as the continuance commitment. This scale was developed as an instrument to improve the testing of the side-bet theory, which is one of Meyer and Allen's three levels of employee commitment. (1991).

3. Methodology

The study utilized a mixed method approach using explanatory sequential research design. Explanatory research is a research approach that looks into why something happens in situations where there is little information available. It can assist the researcher in learning more about a certain subject, determining how or why a specific phenomenon is occurring, and making predictions about what will happen in the future. (George T. and Merkus J., 2021). Moreover, the researcher employs descriptive correlation. Combining descriptive and numerical data allows descriptive research to highlight particular facets of various study approaches, communicate information through numbers, and provide variable degrees of event detail. Studies that aim to build static representations of circumstances and show relationships between various aspects can benefit from the use of the descriptive-correlational approach. This kind of research collects data without making any modifications to the topic being studied. The study selected 104 participants at random from a total of 143 workers at a leading insurance business in Cagayan de Oro City in order to collect data.

4. Results and Discussion

4.1 The demographic profile of the respondents

4.1.1 Sex. Table 1 shows the distribution of employees in terms of sex, and data revealed that most of the sample workers in the surveyed company are female, with 61 out of the total samples or 58.65 percent. While the 41.35 percent or 43 of the total samples of respondents are male.

Table 1
Frequency Distribution of Respondents' Sex.

Sex	**Frequency**	**Percentage**
Male	43	41.35
Female	61	58.65
Total	**104**	**100.0**

In this regard, while the insurance industry has historically been a male-dominated industry, there has been significant progress toward gender diversity in recent years. According to a 2019 McKinsey & Company survey, women account for more than half of the insurance workforce, or 57% of insurance employees. However, more can be done to improve gender diversity in insurance leadership, as the same study discovered that women make up only 18% of the insurance C-suite. (Lyle Adriano, 2022)

4.1.2 Highest Educational Attainment. Looking at the distribution of the highest educational attainment in Table 6, it shows that 88.46 percent are college graduate, while 3.85 percent are masteral level, 2.88 percent are college level while both high school level and doctorate level are 1.92 percent and 0.96 percent is High School Level.

Table 2
Frequency Distribution of Respondents Highest Educational Attainment

Length of Employment	**Frequency**	**Percentage**
High School Level	1	0.96
College Level	3	2.88
College Graduate	92	88.46
Masteral Level	4	3.85
Doctorate Level	2	1.92
Doctorate Graduate	2	1.92
Total	**104**	**100.0**

Many insurance jobs demand a college degree, which entails conducting client investigations, reviewing claims, and calculating pricing and compensation amounts. Some jobs will require one to support other agents, clients, and senior management of an agency in addition to selling policies. Most insurance businesses need insurance underwriters to have a bachelor's degree, preferably in a business-related subject. (Maryville University, 2023).

4.1.3 Length of Employment. Looking at the distribution of the length of employment in Table 3, it shows that 39.42 percent have worked for 1-5 years. Moreover, 34.62 percent for 6-10 years, 13.46 percent for 1 year or less, 9.62 percent for 11-15 years and 2.88 percent for 16 years or more.

Table 3
Frequency Distribution of Respondents Length of Employment

Length of Employment	Frequency	Percentage
1 year or less	14	13.46
1-5 years	41	39.42
6-10 years	36	34.62
11-15 years	10	9.62
16 years or more	3	2.88
Total	**104**	**100.0**

Researchers discovered that the average tenure in the insurance industry was 5.5 years. While the industry's average tenure is among the greatest in both the private and public sectors, CapRelo discovered that it has decreased by 0.5 years in the recent decade. While the precise reasons for leaving or remaining in these positions are unknown, CapRelo speculates that the industries with the highest retention rates may offer higher job satisfaction, better perks, and a better work/life balance. Job retention was also higher in occupations needing advanced degrees. Age differences are also important in all industries and vocations, as younger generations change jobs more frequently. (Business Insurance, 2023).

4.2 Employee Commitment

Summary for Employees Commitment. Table 4 presents the consolidated findings of the respondents' perceived level of commitment. The findings indicate that respondents exhibit a high level of commitment across all three dimensions: affective commitment, continuance commitment, and normative commitment.

Table 4
Summary for Employees Commitment

Employees Commitment	Mean	SD	Interpretation
Affective Commitment	3.17	0.60	*High Commitment*
Continuance Commitment	3.05	0.57	*High Commitment*
Normative Commitment	3.19	0.58	*High Commitment*
Overall Employees Commitment	**3.14**	**0.52**	***High Commitment***

Legend of the Mean: *1.00-1.75 Very Low Commitment; 1.76-2.50 Low Commitment; 2.51-3.25 High Commitment; 3.26-4.00 Very High Commitment*

Affective commitment, which reflects an emotional attachment and identification with the organization, obtains a mean score of 3.17, indicating high commitment. This suggests that respondents feel a strong emotional connection to their organization, enjoying discussing it with others and perceiving the organization's success as their own.

Continuance commitment, which relates to the perceived costs associated with leaving the organization, obtains a mean score of 3.05, also reflecting high commitment. This implies that respondents perceive significant barriers or disruptions that would result from leaving the organization, leading them to remain despite potential desires or opportunities for change.

Normative commitment, which pertains to moral obligation and loyalty to the organization, obtains a mean score of 3.19, indicating high commitment. This suggests that respondents have internalized and embraced the belief in the value of loyalty and feel a sense of moral obligation to remain with the organization.

The total measure of commitment, bearing all three magnitudes, obtains a mean score of 3.14, suggesting high commitment across the board.

These findings imply that the respondents are highly committed to their organization, both emotionally and through a sense of moral obligation and loyalty. This level of commitment can have positive implications for the organization, including increased employee engagement, reduced turnover intention, and enhanced organizational citizenship behaviors.

According to one of the expert from the industry, employee commitment is hard to achieve, but when organization successfully make their employee committed, the organization started to experience more growth.

Committed employees are critical to organizational success in today's tough economic environment, when employees are pushed to go above and beyond to assist their companies compete more successfully. (Shabir & Gani, 2020). Such employees typically identify with and have a thorough understanding of their organizations' goals and principles. (Lambert et al., 2017). The notion of organizational commitment, which refers to a psychological connection that employees may have to their respective organizations, is prevalent in management and organizational research literature, particularly those pertaining to industrialized countries, due to its practical value. (Fischer et al., 2020).

4.3 Significant relationship between Employee Commitment and Organizational Performance

Table 5 represents the relationship between employee commitment and organizational performance. The findings indicate significant positive correlations between different dimensions of employee commitment and various aspects of organizational performance.

Table 5
Relationship between Employee Commitment and Organizational Performance

Employees Commitment	Organizational Performance: Employee Satisfaction r-value (p-value)	SIG	Decision on Ho	Employee Performance r-value (p-value)	SIG	Decisionon Ho	Service Delivery r-value (p-value)	SIG	Decision on Ho	Total Measure r-value (p-value)	SIG	Decision on Ho
Affective	.695*** (.000)	S	R	.527*** (.000)	S	R	.402*** (.000)	S	R	.671*** (.000)	S	R
Continuance	.445*** (.000)	S	R	.433*** (.000)	S	R	.272** (.005)	S	R	.473*** (.000)	S	R
Normative	.543*** (.000)	S	R	.449*** (.000)	S	R	.289** (.003)	S	R	.530*** (.000)	S	R
Total Measure	**.634*** (.000)**	**S**	**R**	**.529*** (.000)**	**S**	**R**	**.362*** (.000)**	**S**	**R**	**.629*** (.000)**	**S**	**R**

Note: Values expressed in r-value (p-value) *S-Significant (***p<.001; **p<.01)*

In terms of employee satisfaction, there is a strong positive relationship between affective commitment and employee satisfaction (*r=0.695, p<0.001*), indicating that employees who have a higher level of affective commitment are more likely to be satisfied with their organization. Similarly, normative commitment also shows a significant positive correlation with employee satisfaction (*r=0.543, p<0.001*). This suggests that employees who feel a sense of moral obligation and loyalty to their organization are more likely to report higher levels of satisfaction.

Regarding employee performance, all dimensions of employee commitment (affective, continuance, and normative) exhibit significant positive correlations. Affective commitment shows the strongest correlation with employee performance (*r=0.527, p<0.001*), followed by normative commitment (*r=0.449, p<0.001*) and continuance commitment (*r=0.433, p<0.001*). This implies that employees who are emotionally attached, feel a sense of moral obligation, or perceive their continuance commitment are more likely to perform well in their roles.

In terms of service delivery, affective commitment, and normative commitment both display significant positive correlations. Affective commitment has a moderate positive correlation with service delivery (*r=0.402, p<0.001*), while normative commitment has a relatively weaker positive correlation (*r=0.289,*

$p<0.01$). These findings suggest that employees who are emotionally connected to the organization and hold strong beliefs in loyalty are more likely to deliver quality service to customers.

The Total Measure of Employee Commitment also shows strong positive correlations with all aspects of Organizational Performance, including Employee Satisfaction, Employee Performance, and Service Delivery. This highlights the overall importance of employee commitment in driving positive organizational outcomes.

According to one of the key informant participant, committed employees produce more as they are willing to exert extra effort for the betterment of the organization.

Organizations that prioritize strategic human resource management practices aimed at fostering employee commitment, such as through resourcing, learning and development, performance and rewards, and employee welfare, are more likely to experience higher levels of employee satisfaction, performance, and service delivery. By promoting employee commitment, organizations can create a positive work environment, enhance employee engagement, and ultimately improve organizational performance. These findings reinforce the notion that employees who are committed to their organization are more likely to go above and beyond their job responsibilities, contribute to the organization's success, and provide exceptional service to customers.

Employee commitment helps firms perform more effectively and accomplish their objectives because employees are more efficient and dedicated to their work when they feel linked to the organization. Organizations must strengthen employee commitment by involving people in decision-making processes, which will result in increased commitment to the organization. Furthermore, it is suggested that organizations promote transparency. Employees feel valued and trustworthy when a business keeps them informed. Furthermore, it is suggested that organizations promote open and unfettered communication. In a company, candid and readily available communication fosters a trusting environment. Employees should be encouraged to be creative in their ideas, techniques, and modes of communication. Organizations should cherish their employees and encourage them to produce better ideas, as well as reward them for their accomplishments and innovation. (Ludvig Esteban Stackhouse et al., 2022).

Employee commitment is gradually becoming a valued asset in the organization, since it plays a significant role in the expansion of the firm's performance. In today's market, every business strives to improve its performance in order to compete effectively. Employee commitment assists the organization in achieving this goal. In fact, it is critical to the success of the organization. Several research have shown that there is a favorable association between employee dedication and productivity. However, obtaining personnel dedicated who are competent and willing to give their all-in pursuit of the organization's objectives has not been an easy task for management, and the management frequently meets issues in this respect. It is well acknowledged that when people are highly committed, they devote their full energy and time to attaining the organization's goals and objectives. This also gives the staff a sense of accomplishment, which drives them to do their best. As a result, the business must foster employee commitment by implementing the best strategies to ensure that employees remain devoted to the firm. To do this, organizational management will apply a variety of tactics to guarantee that employees acquire good attitudes about the organization. These strategies increase employee job satisfaction and involvement. Employees who are driven, involved, and devoted become an asset to the organization since they boost production and thus the organization's performance. (Satyendra, 2020).

Employee commitment is critical to the growth of an organization's performance. Many businesses aim to improve their performance. Employee commitment improves employee performance in the organization. Changes in commitment behavior might arise in job satisfaction, motivation, and involvement. (Princy and Rebeka, 2019)

5. Conclusion

Drawing from the analysis and research results, there is a significant positive relationship between employee commitment and organizational performance. Employee commitment, specifically affective, continuance, and normative commitment, positively influenced various indicators of organizational performance, including employee satisfaction, employee performance, and service delivery. High levels of commitment among employees often lead to high employee satisfaction, enhanced employee performance and increased service delivery. This is because organizations that foster a strong sense of commitment among their employees typically see several benefits. Committed employees are more likely to go above and beyond their job requirements, leading to higher levels of productivity and efficiency. Additionally, high commitment reduces the likelihood of employees leaving the organization, which in turn lowers recruitment and training costs. A committed workforce generally exhibits higher morale and job satisfaction, contributing to a positive workplace environment.

Furthermore, according to the expert of the industry, to cultivate employee commitment, organizations should focus on creating a supportive work environment, providing opportunities for career growth, recognizing and rewarding employee contributions, and maintaining transparent and effective communication. By doing so, they can enhance their overall performance and achieve long-term success.

Thus, the findings highlight that the employees in leading insurance companies in Cagayan de Oro City emphasized thru their responses the importance of employee commitment to enhance organizational performance.

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