

RELATIONSHIP BETWEEN EMPLOYEE ASPECTS AND EMPLOYEE PERFORMANCE

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Abstract

Studies found that employee performance is affected by employee aspects such as reward systems, job satisfaction and organizational commitment. However, the relationships among these have not been proved clearly. Thus, this study is attempted to know about the relationship between employee aspects and employee reward. 100 employees were selected five hospitals. Since the value of KMO is greater than 0.5 (0.726) samples taken in this study is enough for factor analysis. Bartlett's Test of Sphericity is measured by approximate chi-square is also significant. Total variance for employee rewards, job satisfaction and organisational commitment are around 93%. Since correlation values between employee rewards, job satisfaction, organizational commitment and employee performance are 0.711, 0.740 and 0.798 respectively there are strong correlations with employee performance. Results of the regression revealed that R square and adjusted R square reveals the values as 0.643 and 0.631 respectively. These values explain around 64% of total variation on employee performance. Study concludes that employee rewards, job satisfaction, organizational commitment and employee performance

Keywords: *Commitment, Performance, Reward, Satisfaction.*

Introduction

There are number of studies with respect to employee aspects such as reward, job satisfaction and commitment. Studies found that employee performance is affected by employee aspects. Employee performance is influenced by a number of factors and these include reward systems, job satisfaction and organizational

commitment (Sims 2002). Studies have been conducted to know the relationship between reward, satisfaction and commitment. Studies found that, in most organizations, poor reward systems lead to lower satisfaction and in turn produces very low organizational commitment (Caruth & Handlogten, 2001). There are few

more studies with respect to job satisfaction, performance and commitment. Employees who experience job satisfaction are more likely to be productive, effective performers and committed to the organization. Research has shown that increased job satisfaction improves employees' organizational commitment, performance and creativeness, and reduces absenteeism and turnover (Oshagbemi, 2010). In any type of organization such as service organisation, relationship among employee aspects such as rewards, job satisfaction, commitment and employee performance should be determined for the betterment of organization. Based on the findings of the previous studies, there are no concrete decisions with respect to employee aspects such as reward, job satisfaction, commitment and employee reward. The relationships among these have not been proved clearly. Thus, this study is attempted to know about the relationship between employee aspects and employee reward.

Research question and objective

Researcher raises "is there relationship between employee aspects and employee performance" as research question. This research question is translated into research objective. Thus, this study tries to know about the relationship between employee aspects and employee rewards.

Significance of the Study

This study plays a significant role in number of ways. Studies have found that employee performance is important for organizational success. Employee performance has become one of the significant indicators in determining

organizational performance and success (Wall, Michie, Patterson, Wood, Sheehan, Clegg, & West, 2004). There are studies with regard to student performance in public institutes. In higher public institutions of learning in Uganda, employees exhibit levels of poor performance such as withholding students' results, strikes, absenteeism, turnover, disregard for managers and late submission of students' results (Terry, 2005). Studies have proved that poor rewards may be the cause of employee satisfaction. It is utmost necessary to avoid employee dissatisfaction by having a good reward system in organizations. Study found that poor reward packages are seen by employees as a source of unfairness in the system which causes the employees to become dissatisfied with their jobs resulting into lack of commitment thus affecting their overall performance (Bratton & Gold, 2007). Studies found that reward must be directly and specifically associated with improved performance. In the competitive world, organizational success depends on quality services provided by the organization to its customers so do this organization depends on its employees. Rewarding employees may create job satisfaction and organizational commitment that lead to high employee performance.

Review of Literature

Review of literature is based on employee aspects and the relationship among employee relationships and employee performance.

Employee aspects

Employee aspects such as rewards, job satisfaction and organisational commitment

are outlined in this section. Reward can be defined as an external agent administered when a desired act or task is performed (Rys, 2007). Rewards can be either extrinsic or intrinsic (Hafiza et al., 2011). Robbins (2003) defines that job satisfaction is determined by rewards, supportive work environment, challenging work and the supportive colleagues. Job satisfaction has turnover, absenteeism and strike as its dimensions. Organizational commitment refers to a person's dedication to a person, job or organization. It is reflected in the person's "intention to persevere in a course of action" (Meyer & Allen, 1997). There are different types of organizational commitment such as affective commitment, normative commitment and continuance commitment. McClay, Campbell and Cudeck (1994) define employee job performance as "behaviors or actions that are relevant to the goals of the organization". Employee performance has observation and documentation as its dimensions.

Relationship employee aspects and employee performance

There are three types of relationships between employee rewards, job satisfaction and organizational commitment and employee performance. First relationship is between employee rewards and employee performance is outlined here. Many experts in management believe that there is a strong relationship between reward systems and employee performance (Lawler, 2003). Reward systems fall under what is termed as an employment exchange (Rynes & Gerhart, 2000). Employment is typically characterized as an exchange relationship. Employees provide organizations with

something of value (their labor) and in return receive something of value (Rynes, Colbert, & Brown, 2002). Reward and performance relationship has also been highlighted by Sims (2002); Taylor (1967); Wiley (1997); Fairbank & Williams (2001); Dijk & Ende (2002); Legge (1995); Thomson and Rampton (2003); Maund (2001); Torrington & Hall (2006).

Second relationship is between job satisfaction and employee performance. Nowell and Dopson (2000) found that where employees were committed in form of working longer hours and are satisfied with the work conditions they exhibit effective performance. Studies stated that, for at least 50 years, industrial/organizational psychologists have been wrestling with the question of the relationship between job satisfaction and job performance (Buchanan, 2006). Researchers argued that the results are equally inconclusive with respect to the hypothesis that there is no such relationship. A number of studies indicate a weak link (Iaffaldano and Muchinsky, 1985) while others (Caldwell and O'Reilly, 1990; Spector, 1997) suggest a potential relationship between satisfaction and performance. Euske (1980); Wright and Wefald (2009); Spector (1997); Buchanan (2006); Wright & Wefald (2009) also in the similar notion.

The third relationship is between organizational commitment and employee performance. Somersl and Birnbaum (1998) reported a positive relationship between organization commitment and employee performance. Meyer, et. al (1989); Luchak and Gellatly (2007) found similar relationship. Relationship between organizational commitment and

employee performance are also found by Suliman and Lles (2002); Chen, Silverthron and Hung (2006); Muhammad, Ziauddin, Farooq, and Ramay (2010).

Conceptual frame work

Review of Literature helps to derive the following conceptual framework. Figure 1 depicts the conceptual framework between employee aspects and employee performance.

Methodology

Sample size

In order to carry out this study, 100 employees were selected five hospitals in Akkaraipattu Municipal Area.

Data Collection Methods

Data were collected by primary source i.e. questionnaire. For the purpose of collecting

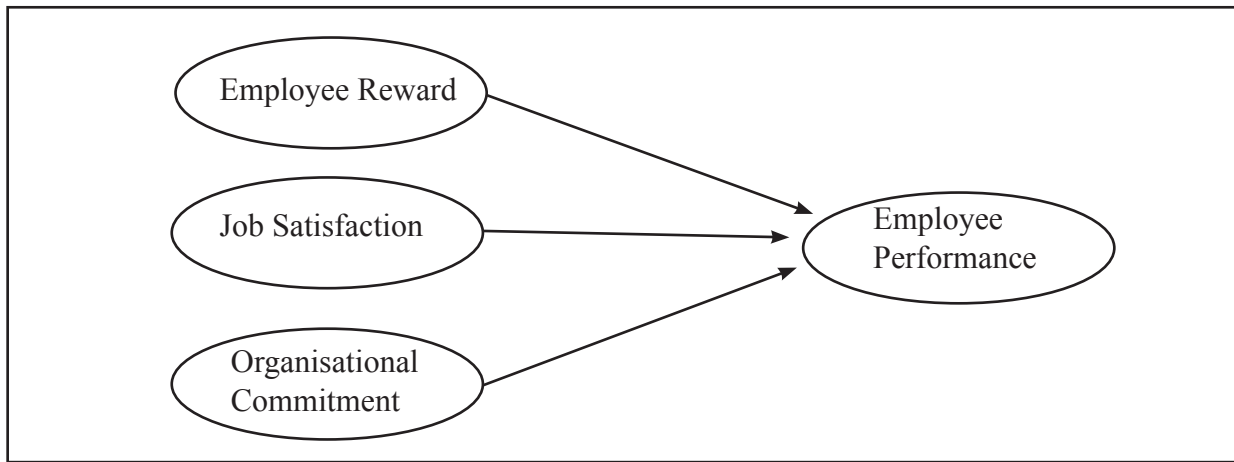


Figure 1: The conceptual framework between employee aspects and employee performance
 (Source: Review of Literature & Ismail, 2016)

Development of Hypotheses

Based on the review of literature and conceptual model, the following sets of hypotheses are developed. Developed hypotheses are tabulated in Table 1.

data using questionnaires, questionnaires were designed into five sections such as employee rewards, job satisfaction, organizational commitment and employee performance

Table 1: Development of hypotheses

Null hypotheses	Alternative hypotheses
There is no relationship between employees' rewards and employee performance	There is relationship between employees' rewards and employee performance
There is no relationship between job satisfaction and employee performance.	There is relationship between job satisfaction and employee performance.
There is no relationship between commitment and employee performance.	There is relationship between commitment and employee performance.

that include personal profile of respondents. Questionnaire is scaled in 5 point likert scale that range from 1 (strongly agreed) to 5 (strongly disagreed).

Method of analysis

Collected data were analysed factor analysis, correlation and regression analyses with SPSS that has a version of 22.

is measured by approximate chi- square. Value of approximate chi- square is 394.918 with degrees of freedom of 3. Value of approximate chi- square is also significant. Values of Kaiser-Meyer-Olkin and Bartlett’s Test of Sphericity are tabulated in Table 2.

Communalities

Initial communalities for employee rewards, job satisfaction and organisational commitment

Table 2: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett’s Test of Sphericity	Approx. Chi-Square	394.918
	df	3
	Sig.	.000

Results and Discussion of Findings

Factor Analysis

Kaiser-Meyer-Olkin is a measure of sampling adequacy. Since the value is greater than 0.5 (0.726) samples taken in this study is enough for factor analysis. Bartlett’s Test of Sphericity

are 1 respectively. Extracted communalities for those are greater than 0.6. Initial and extracted communalities are tabulated in Table 3.

Table 3: Communalities

	Initial	Extraction
Employee Rewards	1.000	.944
Job Satisfaction	1.000	.965
Organisational Commitment	1.000	.889
Extraction Method: Principal Component Analysis.		

Table 4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.797	93.231	93.231	2.797	93.231	93.231
2	.166	5.537	98.768			
3.	.037	1.252	100.000			
Extraction Method: Principal Component Analysis.						

Total Variance

Initial eigenvalue for component 1 is 2.797 that explains around 93% of total variance. Value of extracted sums of squared also explains around 93% of total variance. Table 4 explains total variance.

Correlations

Correlation values between employee rewards, job satisfaction, organizational commitment and employee performance are 0.711, 0.740 and 0.798 respectively. All these values are greater than 0.7. Thus, employee rewards, job

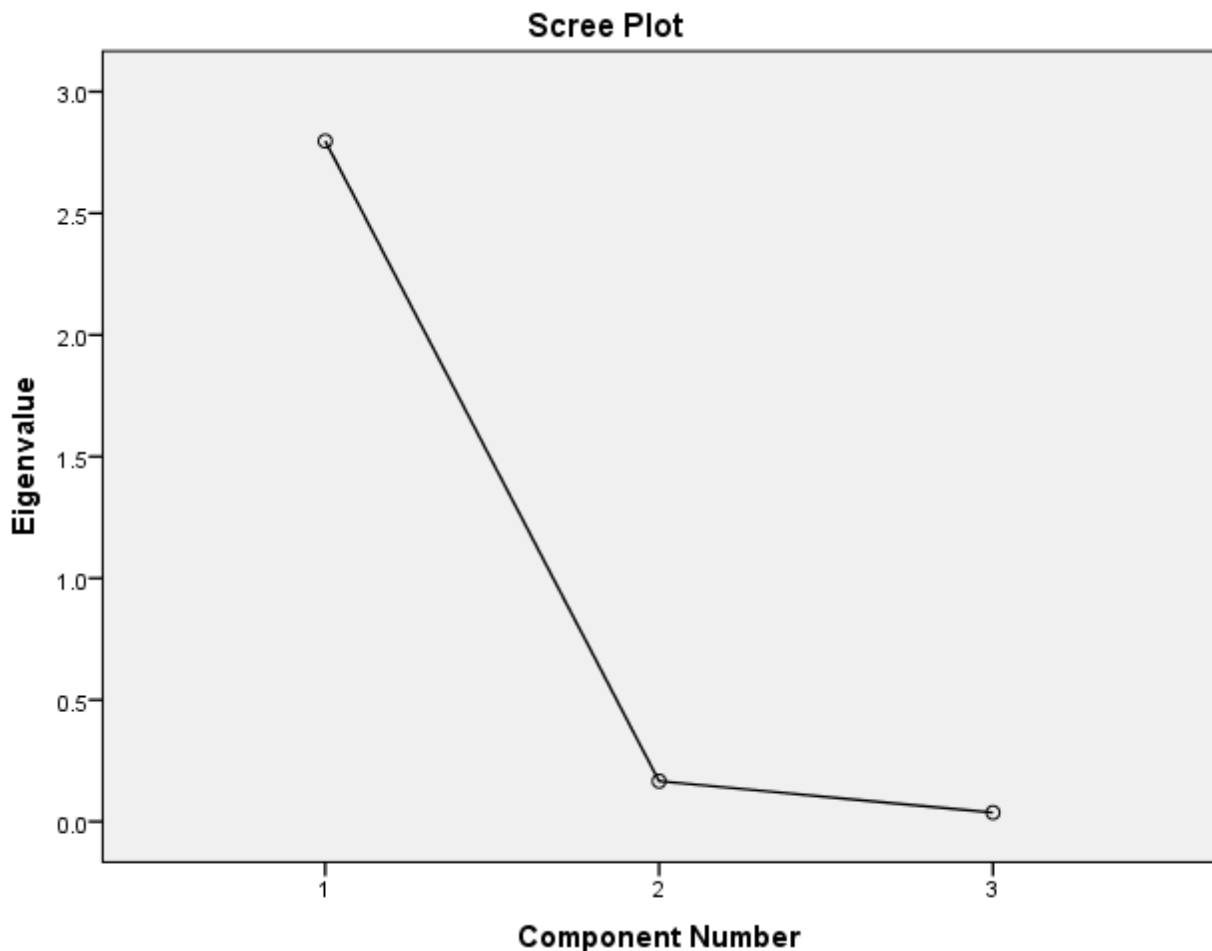


Figure 2: Scree plot

Scree Plot

Scree plot is another way of explaining the total variance. Scree plot explains the factor component at x axis and eigenvalues at y axis. Scree plot is depicted in Figure 2.

satisfaction and organizational commitment have strong correlations with employee performance. Correlation values are tabulated in Table 4.

Table 4: Correlations

		Employee Rewards	Job Satisfaction	Organisational Commitment	Employee Performance
Employee Rewards	Pearson Correlation	1	.960**	.851**	.711**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
Job Satisfaction	Pearson Correlation	.960**	1	.882**	.740**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
Organisational Commitment	Pearson Correlation	.851**	.882**	1	.798**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
Employee Performance	Pearson Correlation	.711**	.740**	.798**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100

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

Hypotheses tested

As per the table 4 of correlations, p values between employee rewards, job satisfaction, organizational commitment and employee performance are less than 0.05 all the nulls are rejected and all the alternatives are accepted. Hypotheses tested are tabulated in Table 5.

Regression

In terms of the model summary table, R square and adjusted R square revealed the values as 0.643 and 0.631 respectively. These values explain around 64% of total variation on employee performance. Model summary is tabulated in Table 6.

Table 5: Hypotheses tested

Null hypotheses	P value	Rejection	Alternative hypotheses	Acceptance
There is no relationship between employees' rewards and employee performance	0.000	Rejected	There is relationship between employees' rewards and employee performance	Accepted
There is no relationship between job satisfaction and employee performance.	0.000	Rejected	There is relationship between job satisfaction and employee performance.	Accepted
There is no relationship between commitment and employee performance.	0.000	Rejected	There is relationship between commitment and employee performance.	Accepted

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Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.802 ^a	.643	.631	2.79448
a. Predictors: (Constant), Organisational Commitment, Employee Rewards, Job Satisfaction				

Table 7: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1348.117	3	449.372	57.545	.000 ^b
	Residual	749.673	96	7.809		
	Total	2097.790	99			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Organisational Commitment, Employee Rewards, Job Satisfaction						

In terms of ANOVA table, values of SS regression, SS residual and SS total are 1348.117, 749.673 and 2097.790 respectively with 3, 96 and 99 degrees of freedom. Values of MS regression and MS residual are 449.372 and 7.809 respectively. F statistics is 57.545 which is also significant. Statistics of ANOVA are tabulated in Table 7.

In terms of the coefficient table, unstandardised beta values for constant, employee rewards, job

satisfaction and organizational commitment are 0.749, -0.030, 0.202 and 0.775 respectively. Beta value for employee rewards is negative. Those of job satisfaction and organizational commitment are positive. There is an important idea that rewards should be properly designed so as to match with employees. Otherwise, there will be negative repercussion on employee performance. Coefficient values are tabulated in Table 8.

Table 8: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.749	1.401		.535	.594
	Employee Rewards	-.030	.222	-.030	-.137	.891
	Job Satisfaction	.202	.256	.192	.788	.433
	Organisational Commitment	.775	.154	.654	5.036	.000
a. Dependent Variable: Employee Performance						

Conclusion

Results of this study revealed that value of KMO is greater than 0.5 (0.726) samples taken in this study is enough for factor analysis. Bartlett's Test of Sphericity is measured by approximate chi-square is also significant. Initial communalities for employee rewards, job satisfaction and organisational commitment are 1 respectively. Extracted communalities for those are greater than 0.6. Initial eigenvalue for component 1 is 2.797. Correlation values between employee rewards, job satisfaction, organizational commitment and employee performance are 0.711, 0.740 and 0.798 respectively. All these values are greater than 0.7. Thus, employee rewards, job satisfaction and organizational commitment have strong correlations with employee performance. p values between employee rewards, job satisfaction, organizational commitment and employee performance are less than 0.05 all the nulls are rejected and all the alternatives are accepted. Acceptance of all alternatives refer to that there are relationship between employee rewards, job satisfaction, organizational commitment and employee performance. R square and adjusted R square reveals the values as 0.643 and 0.631 respectively. These values explain around 64% of total variation on employee performance. Values of SS regression, SS residual and SS total are 1348.117, 749.673 and 2097.790 respectively with 3, 96 and 99 degrees of freedom. Values of MS regression and MS residual are 449.372 and 7.809 respectively. F statistics is 57.545 which is also significant. Unstandardised beta values for constant, employee rewards, job satisfaction and organizational commitment

are 0.749, -0.030, 0.202 and 0.775 respectively. Study concludes that employee rewards, job satisfaction, organizational commitment have influence on employee performance on the percentage of 64%.

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