

# THE RELATIONSHIP BETWEEN EMPLOYEE SATISFACTION AND ORGANIZATIONAL COMMITMENT: THE CASE OF MALAWI BANKING SECTOR

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## ABSTRACT

Human resource management calls for managers of various organizations to understand various concepts that are crucial for the success of the organization as a whole. It is a well-known and largely accepted phenomenon that people are the most important resource that an organization can have. In order to utilize this resource by means of getting the best out of employees, it is crucial to understand the notions of employee satisfaction, organizational commitment and the relationship that exists between the two. This is a research conducted under Istanbul Aydın University that was designed with the primary aim of analyzing the relationship between employee satisfaction and organizational commitment.

**Keywords:** *employee satisfaction, malawi banking*

## INTRODUCTION

There has been significant, even though not enough, strides taken in the research about employee satisfaction and organizational commitment. It remains a crucial issue in human resource management and the study of organisational behavior. The studies have been conducted with the aim of identifying the ways in which an employee can feel and/or become more attached to an organisation thereby increasing the level of productivity. They have also been conducted with the basis of trying to realise what contributes to organisational commitment. The importance of this phenomenon is that it is related to the success of the company as a whole and the advancement of the career of the particular employee.

This research was conducted in Malawi, a developing southern African country that has an advancing banking sector. It offers a non-conventional perspective as far as area of research is concerned as most studies on the subject matter have shied away from analyzing trends in under developed economies. The research applies knowledge accumulated from different parts of the world and tries to relate it to the status quo in the country of Malawi. In so doing it contributes to proving the universalities of the current assertions that are held pertaining to

issues of employee satisfaction, organizational commitment, the relationship that exists between the two phenomena and other issues related to it.

## **LITERATURE REVIEW**

There has been a lot of research done on the two subjects of employee satisfaction and organizational commitment. Complimentary to this, various studies have also been done over the last few decades in an attempt to scrutinize the relationship between these two subjects. Emphasis is placed on these subjects as they are regarded as being imperative in successful human resource management. The costs and risks associated with employee replacement procedures, new recruits training programs, and demotivated or unproductive employees can be detrimental to the overall success of the organization. This makes issues of ensuring satisfaction and commitment fundamental. Commitment can be defined the feeling of attachment that an individual feels towards an organization. The notion of consistency in the line of activity should also be used closely in relation to the definition (Becker, 1960).

Meyer and Allen (1991), brought a significant contribution to the study of organizational commitment. They distinguished commitment into three types namely affective, normative and continuance. Affective commitment can be describes simply as a situation whereby an employee stays with an organization because they personally want to stay. Normative commitment is when an employee stays with an organization because they feel an obligation to do so. This can be because they share the beliefs of the organization or because they regard it morally right not to leave. This is the kind of commitment that has been the least linked with satisfaction as employees with normative commitment do so normally regardless of the levels of satisfaction with their job. Mannari (1977) was quoted as saying, "*Considers it morally right to stay in the company, regardless of how much status enhancement or satisfaction the firm gives him/her over the years*" (p. 59). Continuance commitment is when one stay with an organization because of the need to do so. The notion concerns itself with the analysis of the cost of leaving or staying with an organization versus the benefits. In as much as there has been a lot of research done on the subject matter, there is a considerable amount of work that needs to be done in order to fill the gap in literature. The first and most outstanding problem is that until today, there has been no consensus on the issue of causation on which attempts have been made between employee satisfaction and organizational commitment. Some researchers have claimed that satisfaction causes commitment, others have said that it is commitment that causes satisfaction, while others have emphasized that it can go both ways. Secondly, research has been done to a larger extent in developed economies where the dynamics on labor markets are different and

to a lesser extent on lesser developed economies. It is possible that employees in under developed countries may have varying responsiveness to the factors that are said to cause satisfaction or/and commitment. Therefore, there is need to conduct research in various economies with different status quo on labor market in order to test the universality of findings that exist in current research.

This research contributes in part to filling the above mentioned gap as it adds to the pool supporting the assertion of the existence of a positive relationship between employee satisfaction and organizational commitment. It also brings in light the idea that even though this positive relationship is recognized, there are situations whereby high levels of satisfaction cannot always foretell high levels of commitment and vice versa. Secondly, after recognition that most of the literature is based on research conducted in the USA, arguably the most advanced economy in the world, this research was done in one of poorest countries in the world, Malawi. This was done in an effort to test the universality of assertions that have been made in previous literature. The research checks if satisfaction and commitment factors that affect the average employee in an advanced economy can also affect an average employee in a lesser advanced one with different dynamics on market of labor.

Lumley (2010) and Schein (1996) attest and emphasize that understanding the relationship between satisfaction and commitment is tantamount to the success of the organization and can be the line that separates successful human resource managers from the others. First and foremost it is important to say that even though satisfaction and commitment are the two most prevalent work attitudes that are studied in organizational behavior, the study on their relationship based on empirical data remains rather limited. Nevertheless, links between the two attributes have been constructed and/or observed by different researchers throughout the years. This research done through Istanbul Aydin University is a contribution to already existing knowledge. In as much as some researchers have insisted that the two attributes are distinct and are not linked in any way, there has been a lot of literature and research supporting the assertion that there is a correlation between satisfaction and commitment.

The relationship has been well documented (Porter, 1974; Mottaz, 1987; William and Anderson, 1991; Vander berg and Lance, 1992, Knoop, 1995; Young, Wordel and Woehr, 1998; Testa, 2001). The results of the various researches, if conclusive in that there is indeed a relationship between the two factors, have had little to no disagreement in the assertion that the relationship that exists is positive and not negative. Conflict has however been prevalent around the issue of causation. Some researchers have claimed that it is satisfaction that causes commitment, others have said that it is commitment that causes satisfaction while others have

asserted that it can go either way. Therefore, it can be concluded that until today, there has been no academic consensus on the issue of causation in as far as satisfaction and commitment are concerned.

Lincoln and Kalleberg (1990), consider job satisfaction as being a reason for organizational commitment. Mowday, Porter and Steers (1982); Mueller, Boyer, Price and Iverson (1994) and William and Hazer, (1986) also agree with this assertion. Factors that lead to satisfaction have been looked at as being divided into two main categories namely dispositional and situational factors. Dispositional factors are those that are inert to the individual whereas situational factors are extrinsic. A good manager realizes this and only tries to push the buttons that can alter situational factors. The manager also recognizes that due to dispositional factors, other employees may simply never achieve the desired level of satisfaction, *ceteris paribus*.

Vandenberg and Lance (1986) acknowledged that commitment can also be a factor that causes satisfaction. . In perspective, this notion seeks to show that in order for an employee to be satisfied with the job they are doing, they have to first of all feel committed to the company. The idea seeks to highlight the notion that no employee will be satisfied with their job unless they are committed to the organization they work for. Various studies have produced dissimilar results on the issue of the relationship. All in all, most of the studies have shown that the correlation exists even though the subject of causation is still debatable. Dirani and Kuchinke (2011) produced results from their research that indicated that there is a strong correlation between satisfaction and commitment. It is very difficult for one to exist in the absence of the other. Some people actually look at them as being two sides of the same medallion. Riaz and Ramay (2010) also indicated that their research showed a positive correlation between the two. Another point worth mentioning is that modern research seems to be leaning more towards recognizing this relationship. Most of the research that does not really recognize the relationship between the two concepts is quite old. This does in no way discredit the findings as even some modern research shows no or little correlation.

Curry, Waterfield and Mueller (1986), found no significant relationship between satisfaction and commitment. This means that they found the two to be independent of each other. The assertion is that in no way does satisfaction cause commitment or vice versa. It can be observed that the relationship is being established as time goes by. Newer research shows stronger agreement with the notion of there existing a strong relationship.

## **METHODOLOGY**

As has been stated, the research was conducted in the republic of Malawi and utilized the banking sector for a case study. The population was narrowed down to employees only within the commercial capital, Blantyre. Taking into consideration the eleven licensed commercial banks with active operation, the researcher listed down the five largest banks (by total assets and number of employees). Out of the five, three were selected randomly. Within these three banks, random sampling technique was used to identify respondents to the survey that was rolled out. The surveys were distributed to these employees in printed form. To ensure that there was no pressure, the respondents were told to fill the surveys at their own time and return to the distributors. The survey had a 46.7% response rate which was higher than anticipated. It was divided into three sections; the first one being on employee satisfaction, the second one on organizational commitment and the third which analyzed the personal information of the respondents. The identities of the respondents which protected so that they should not be identified.

The researcher used a positivist approach which uses the sort of reasoning that transcends from the particular to the general (Gulati, 2009, p.42). This approach is one of the most commonly used in trying to link research results and theory. Bryman and Bell (2007) discussed that the conclusions from such an approach are derived through logical reasoning. The findings from the research conducted on the Malawian banking sector would be likened to prevailing literature and various knowledge sources on the subject matter in order to come up with logical conclusions. A combination of both positivist and phenomenological philosophical paradigms was used. Of the 70 respondents, 20, which represents 28.6% were from NBS bank and collected by random selection; 30, which represents 42.9% was from the National Bank of Malawi (NBM); 20, representing another 28.6% were taken from First Merchant Bank (FMB).

The researcher took into consideration the ethical part of this survey since human participants were involved. As it has already been highlighted, precaution was taken to ensure that the participants are not subjected to any psychological pressure or fear. Identities of participants were protected in all possible ways. It was also made clear to the participants what the research was all about so that they are aware of what they are participating in. Therefore, it can be said with confidence that the study presented zero or minimal risk to the participant. The identification of the participants was not known during the study and by the same token will not be known even long after the completion of the study.

## **FINDINGS**

The findings of the research concluded that there is a very strong relationship

between employee satisfaction and organizational commitment. It was observed that employees who reported higher levels of satisfaction are also associated with high levels of organizational commitment. In the same light, those who reported low levels of satisfaction are also associated with low levels of organizational commitment.

Interestingly, the survey was also conclusive in the assertion which has also been put across by HSRM that above compensation, there are other factors that are more imperative for achieving employee satisfaction and consequently organizational commitment. It was found that the ability to apply acquired skills and abilities is very important for the realization of higher levels of satisfaction. Those employees who reported the inability to apply their learnt skills while performing their current jobs, reported very low overall satisfaction even with good levels of satisfaction when it comes to remuneration. The survey also found job security to be a very crucial factor in this regard.

## **DISCUSSION AND ANALYSIS**

As to the point of what leads to satisfaction, the five factors discussed; that is, the ability to apply learnt skills and abilities, salary levels, the relationship between employees and immediate supervisors, the relationship between employees and management and job security, have been identified as some if not the five most important factors that lead to employee satisfaction. The factors should therefore be given a lot of attention by both the banks mentioned in the case study, the rest of the players in the industry and even other organizations that are outside the scope of the target group. Again, it should be mentioned that out of the factors discussed, salary level and the ability to apply learnt skills and abilities have been identified as the most fundamental. This assertion is backed by SHRM.

Again, a particular emphasis was also placed on the observation that one of the reasons that leads to lower satisfaction levels is when the employees are not able to apply their learnt skills and abilities. The issue of graduates holding positions that have nothing to do with what they studied in university is a very prevalent cause of dissatisfaction among employees. This has been attached to issues of the monetary attractiveness of banking jobs and other contributing challenges on the job market such as nepotism.

It has also been found that satisfied employees are more motivated. This motivation leads to better performance which in turn adds value to the company by heightening productivity, improving customer satisfaction and generating more income. Satisfied employees are the best advertisement for a company. They reflect a picture to the outside world of how healthy the company is from

the inside. This can perchance make the organization more trustworthy and bring more business to the table. Bearing in mind that one of the most important things discussed was the difference between situational and dispositional factors that lead to satisfaction, the thesis also advises that managers should understand that there are somethings which are beyond their capability to change. This is in the case of the employee who will most probably always be dissatisfied wherever he/she goes. There are a lot of people out there who have an entrepreneurial spirit and hence would hardly ever be content being regular employees.

Another point that has been appreciated is that turnover is a very big concern for companies such as banks as replacing an employee can be very costly. The notion of turnover is highly linked to both satisfaction and commitment. It has been said that the research observed a strong correlation between employee satisfaction and organizational commitment. However, as the example of google was given (which has a high employee turnover rate), in some isolated cases, satisfied employees may not always have high levels of commitment to the organization if it is missing some important things in its policy. It would not be correct to assume that the relationship between employee satisfaction and commitment is always positive. On the other hand, as Clugston (2000) and Mathieu and Zajac (1990) agreed, research has shown a negative relationship between both satisfaction and commitment against turnover. Meaning that as satisfaction and commitment increase, turnover should decrease and vice versa. Satisfied and committed employees are less likely to leave an organization thereby saving the organization a lot of money in employee replacement costs.

In as much as the relationship between employee satisfaction and organizational commitment was established, the research, just like majority of research on the subject has not been conclusive on the issue of causation. There are varying opinions although most of the literature leans towards the assertion that it is employee satisfaction that leads to organizational commitment among other factors. However, for the purpose of understanding, it is better to treat these factors as distinct from each other and to try to understand them independently before trying to establish a link between them.

Furthermore, it has been shown that it is often wrongly assumed that remuneration is the most important factor that leads to satisfaction. Even though it is one of the most important factors, it should not be regarded as the most crucial as other factors have proved to carry more weight. This may have been true at a certain point in time but with the increasingly changing economics of the world and education levels, the dynamics have changed greatly.

Also studied was the issue of dispositional and situational factors that lead to satisfaction. It has been asserted that managers should focus on situational factors as these are the ones that they stand a chance to change. Dispositional factors have been shown to have an influence but on a more personal level. There are some people who will easily find satisfaction in what they do in life no matter what it is. They are naturally passionate and curious people. Whereas some individuals will always find it difficult to derive satisfaction from any job that they do. An example was given of entrepreneurs. These individuals would most likely never be satisfied working as ordinary employees unless they are doing something on their own whereas some people only find satisfaction when they work under order/directions.

## **CONCLUSION**

The importance of the study has been demonstrated along with showing the need to extra study on the topic in order to compliment on-going study and that which was made previously. Stakeholders, i.e. organizations and their employees need to familiarize themselves with such studies as they play a very crucial role of improving productivity, ensuring a low employee turnover, heightening customer satisfaction and helping the organization grow in a favorable direction.

The importance of employee satisfaction and organizational commitment cannot be over emphasized. In a country such as Malawi, in regards to the economy's existing state of affairs and the general trends on the job market, it is quite imperative for organizations to properly comprehend the factors that lead to employee satisfaction, the factors that lead to organizational commitment, and generally how the two main principles are related. It should be realized that this research has been but a small contribution to the knowledge that already exists on the matter. However, as far as Malawi is concerned, especially with the banking sector, there seems to be a lot of room for further advanced research that can contribute generally for the existing knowledge and aid in improving where need be.

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