The Effects of Organizational Commitment on Non-Financial Performance: Insights from Public Sector Context in Developing Countries

Salah Hasin Ghumiem1
Nahg Abdul Majid Alawi1
Abd al-aziz Hamed Al-refaei1

Iqra Business School - University Geomatika Malaysia
Faculty of Administration & Economics, Shabwah University, Yemen
Research Management Centre, International Islamic University Malaysia, Malaysia

Abstract

Electric energy companies in developing countries face challenges such as low employee organizational commitment, which affects productivity and performance, thereby limiting the ability to fulfill the necessary obligations towards citizens. Therefore, this study aims to examine the effects of organizational commitment on non-financial performance in the electricity sector in the context of developing countries. The quantitative approach was used in this research to achieve the study's objectives. The data of the study were collected from 408 respondents and analyzed in two steps; the first step is the assessment of the measurement via Confirmatory Factor Analysis (CFA) while the second step is the testing of the developed hypotheses for the study using Structural Equation Modelling (SEM). The outcome of the study showed a direct positive and significant impact of organizational commitment on organizational performance. The limitations of this study and some recommendations for future research were also presented in this study.

Keywords: Organizational Commitment, Organizational Performance, Electricity Sector, Non-Financial Performance, Public Sector in Developing Countries

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Introduction

Public organizations worldwide face renewed challenges in meeting citizen needs (Nusair, Ababneh, & Bae, 2012; Grossman, 2022) and these challenges are more complicated among public organizations in developing countries (Elayeb & Tarofder, 2022). One of these public organizations is the electric sector as it is considered the basis of contemporary development in the course of its economic and social aspects; it is one of the essential infrastructures and represents the central pillar on which industrial, agricultural, and social development projects and plans, housing, and services rely upon. Hence, the electric sector in developing countries can improve the welfare of the citizens through improved performance. The capacity and mentality of human resources in any sector determines organizational performance (OP) and given that human resources are the focus of organizational movers; the attitude of human
resources is crucial for the organization. If the mentality of human resources is inadequate, OP will be negatively impacted (Silitonga, Widodo & Ali, 2017).

Organizational commitment (OC) has attracted a lot of interest recently and is now a viable subject for research in the fields of organizational behavior and industrial/organizational psychology (Mathieu & Zajac, 1990; Adebayo, 2006; Meyer & Allen, 1997; Morrow, 1993). The success of any organization depends on how well it utilizes its human resources, particularly on the OC of its employees (Beukhof, Jong, & Nijhot, 1998). The psychological attachment of employees to an organization is referred to as organizational commitment (Barnard, 1938, cited in Bar-Haim, 2019); it symbolizes people's devotion to the companies they work for (Ketchand & Strawser, 2001) and relates to how much a person feels psychologically connected to the company where they work (Kacmar, Carlson, & Brymer, 1999).

Electric energy companies in developing countries face challenges such as low employee OC which affect productivity and performance (Frefer, Almamlook & Suwayd, 2017). Individuals working in electric energy companies prefer to move into political positions for various reasons, which may significantly impact the stability of talented employees and organizational performance (Saad, Omar, & Elfallah, 2020). Consequently, achieving organizational goals in the public sector in developing countries, such as the electricity sector, is not possible without employees' commitment to their organizations (Elkhdr, 2019); This is because employees are recognized as the primary asset of any organization and their contributions are reflected in the performance of the organization (Adegbaye, Agboola, & Buraimo, 2021).

However, there is a lack of studies on the impact of organizational commitment on organizational performance in the public sector in developing countries; there are no studies that have investigated this relationship in the electric energy sector as well. Therefore, this study aims to fill this gap by examining the impact of organizational commitment on non-financial performance in the electric energy sector in developing countries. This investigation is important since employees' commitment has become a crucial predictor of organizational success, particularly in the electric energy sector.

**Literature Review**

**Organizational Commitment**

From the organizational behaviour perspective, organizational commitment has been extensively studied as a tool for improving organizational performance (Allen & Meyer, 1990). An individual's willingness to change his attitudes and behaviours can be described as evidence of the extent of his commitment to the organization in which he works (Meyer et al., 2002). It refers to how the individual contributes and relates to the organization's identity. It may be due to their psychological attachment or their desire to remain an active member of the organization. Organizational commitment is a term used to describe a member's desire to help the organization achieve its goals (Ha & Lee, 2022). It is common for members with high levels of organizational commitment to work tirelessly to achieve organizational goals and put all their effort into them, which may lead to the achievement of high organizational goals (Mowday, Porter, & Steers, 1982). It has been reported that organizational commitment is affected by job characteristics, leadership, and organizational culture, and positively affects organizational performance as job satisfaction (O'Reilly & Chatman, 1986; Meyer et al., 2002; Khan et al., 2019). Moreover, a high level of organizational commitment of members increases the organization's productivity, which
leads to positive effects on the individual, the organization, and society (Blau, 1986; Ha & Lee, 2022).

A three-component organizational commitment model was created by Meyer and Allen (1991) which remains the most utilized model in research today (Chevalier et al., 2019; Zumrah, Bahaj & Alrefai, 2021); the components of the model include affective commitment, continuance commitment, and normative commitment. Emotional connection, identification with, and participation in the organization are all used to describe the concept of "affective commitment." People that emotionally invested in the company stay because they want to be there. Employees that emotionally invested in the company are more likely to stick around (Meyer and Allen, 1991). The term "continuance commitment" refers to an employee's desire to stay with the company because of the expenses involved with quitting. In other words, employees whose primary connection to the company is one of continued devotion are those who must stay. The third sub-category of this is the personal cost that comes with quitting or a lack of options for work elsewhere. Normative commitment refers to a sense of responsibility to continue working for an organization based on societal standards about how dedicated one should be to the company. Employees that have a strong sense of normative commitment believe they should stay with the company (Meyer and Allen, 1991).

**Organizational Performance**

Scholars are yet to agree on a specific definition of performance as there are many ways to figure it out. Organizations can assess their efficiency and effectiveness with the essential goal of improving performance, meeting set expectations, and figuring out techniques to improve performance significantly (Ismail & Al Hosni, 2021; Tehseen, et al., 2021). Academics' interest in organizational effectiveness and evaluation has remained strong in recent years because of organizations' wide range of objectives (Lu, 2019). However, performance may be described as "acting," "actually achieving an activity," or "completing a task," in the sense of dealing with an action that helps achieve the essential objectives (Miller and Bromiley, 1990). To be considered a success, an organization's performance must be understood and communicated to all parties involved in achieving the organization's mission (Akpoviroro & Owotutu, 2018).

Therefore, when top management wants to evaluate an organization's overall position and goals, they used organizational performance to make their decision (Balabonien and Veerskie, 2015). According to Eneizan et al. (2016), financial and non-financial performance is considered when determining organizational efficiency. Venkatraman and Ramanujam (1986) developed three indicators to evaluate organizational performance which are effectiveness, efficiency, and operational performance. It is about not only efficiency and effectiveness in an organization's performance, but it is also about feedback, connections with stakeholders, and discipline (Ismail & Al Hosni, 2021; Hossain, Islam and Haque, 2021). Organizational performance is evaluated using non-financial metrics; in this study, the non-financial performance consisted of three subjective dimensions which are innovation, customer satisfaction, and effectiveness.

**Link between Organizational Commitment and Organizational Performance**

Commitment to a respected organization may help employees perform better at work (Khan et al., 2020) while the uncommitted employees will be unwilling to exert more effort to benefit their respected organization (Al-refaei et al., 2019), consequently making the organizations unable to achieve their goals and objectives (Al-refaei, Zumrah, & Alshuhumi,
According to Ha and Lee (2022), organizational commitment is a term used to describe a member's desire to help the organization achieve its goals (Ha & Lee, 2022). When corporate management shows social concentration toward employees, the employees will be more committed to contributing to improved organizational performance (Alsamawi, Darun, Panigrah, & Al-refaei, 2019). Employees may be motivated to work more if they have strong confidence in the organization's values and objectives, a willingness to put in much effort on behalf of the organization, and a strong desire to remain a part of the organization (Azeem, 2010; Suharto, Suyanto, & Hendri, 2019; Haque, Anwar, Yasmin & Islam, 2018).

Organizational commitment has been shown to have a direct impact on organizational performance in several studies; for instance, Nikpour (2017) found that employees' commitment to their organization significantly and positively affects performance in the context of the education sector in Iran. Suharto, Suyanto, & Hendri, (2019) also noted that when employees have strong trust, beliefs, and acceptance of values formulated by their organization, they become willing to exert more effort to benefit their respected organization, thereby improving organizational performance. In addition, many researchers have found a positive effect of organizational commitment on organizational performance (Giri et al., 2016; Kawiana et al., 2018; Oyewobi et al., 2019; Alsamawi, Darun, & Panigrahi, 2019; Jufrizen, 2021. Based on this discussion, this study hypothesized as follows:

**Hypothesis:** Organizational commitment has a direct effect on organizational performance in the context of developing countries.

**Methodology**

**Sample and Data Collection**

A sampling frame criterion was adopted in this study to select the sample from the population (where the staff working in the General Electric Company of Libya (GECOL) made up the study sample). All the included participants were assured of having at least three years of experience and aged at least 26 years old to ensure the obtained data's validity and reliability. The sample size of this study was 408 participants (n = 408) comprised of the staff, managers, technicians, administrative managers, heads of departments, and other professionals working in the selected GECOL. Random sampling was used to select the cases that required answering the research questions (Sarstedt & Mooi, 2019). Simple random sampling was used in this study because it allowed the researcher to select the sample without bias; the sample selected by this technique can be representative of the target population and as such, is the best and most appropriate sampling technique in cases with an accurate target population, and each case is easily accessible (Saunders et al., 2019). The questionnaire for this study was administered during participants' working hours together with a covering letter clarifying the study's purpose, the aim of the research, and the data's security to promote a high response.

**Measures**

In this study, organizational commitment was measured by 9 items by adopting the standard questionnaire of organizational commitment developed by Meyer & Allen (1997) (Meyer & Allen's three-dimensional model - affective, continuance, and normative). This questionnaire was chosen because it is more applicable to various levels of the organization, suitable for all organizations from all environments, and has proven reliability and validity due to the...
reliance on many organizational and management studies (Macedo et al., 2016; Dinc, 2017; Imamoglu et al., 2019).

Organizational performance: This study considered mainly non-financial organizational performance with the primary aim of adopting only the performance measures that best suited the specificity of the government organization (Palmer & Randall, 2002). This means that in government establishments like GECOL, it is not possible to define performance solely in financial terms (Phillis, 2005) as the non-financial aspects of performance are more important and impactful. Therefore, non-financial performance in this study was measured by 13 items adopted from Nikpour (2017). The measurement consisted of three subjective dimensions: innovation, customer satisfaction, and effectiveness. GECOL's employees and managers responded on a 5-point Likert-type scale that reflects their level of agreement with each statement (1 = strongly disagree, 5 = strongly agree).

Data Analysis and Results

The CFA was adopted for the assessment of the measurement model in this study; this assessment was done using AMOA. Assessment of the measurement model was done in two steps; the first step is the assessment of goodness-of-fit, and the second one is the assessment of construct validity which includes testing convergent and divergent validity. The structural model is the second stage to assess the significance level of the relationship between the variables as determined by the critical ratio value which must be < 1.960 as suggested by Byrne (2016).

Demographic Profile of Respondents

Table 1 showed the demographic and profile details of the respondents; the total sample of the study was 408 employees of GECOL. In terms of age, 16.2 percent (N= 66) of the respondents were between the ages of 21-30 years old while 32.1 percent (N=131) were between 31-35 years old; 29.9 percent (N= 122) were between 36-40 years old, and 21.8 percent (N=89) were above 40 years old. Regarding the education qualification, 12.7 percent (N= 52) of them hold a diploma, 81.9 percent (N= 334) of them hold a bachelor's degree, and 2.9 percent (N=12) of them hold a master's degree, while 2.5 percent (N=10) of them hold others. In terms of jobs, 50 percent (N=204) of them have managerial jobs (managers, head direction, heads of department), and 50 percent (N=204) of them were technicians. In terms of working experience, 26.5 percent (N= 108) of them have been in the GECOL for less than 6 years, and 73.5 percent (N= 300) of them have been in the GECOL for more than 6 years.

Table 1. Demographic and Profile Details of the Respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age (years)</td>
<td>21 - 30</td>
<td>66</td>
<td>16.2</td>
</tr>
<tr>
<td></td>
<td>31 - 35</td>
<td>131</td>
<td>32.1</td>
</tr>
<tr>
<td></td>
<td>36 - 40</td>
<td>122</td>
<td>29.9</td>
</tr>
<tr>
<td></td>
<td>&gt; 40</td>
<td>89</td>
<td>21.8</td>
</tr>
<tr>
<td>Qualification</td>
<td>Diploma</td>
<td>52</td>
<td>12.7</td>
</tr>
<tr>
<td></td>
<td>Bachelor's degree</td>
<td>334</td>
<td>81.9</td>
</tr>
<tr>
<td></td>
<td>Master degree</td>
<td>12</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>10</td>
<td>2.5</td>
</tr>
<tr>
<td>Job</td>
<td>Managerial</td>
<td>204</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Technician</td>
<td>204</td>
<td>50</td>
</tr>
<tr>
<td>Working experience</td>
<td>&lt; 6 years</td>
<td>108</td>
<td>26.5</td>
</tr>
<tr>
<td></td>
<td>&gt; 6 years</td>
<td>300</td>
<td>73.5</td>
</tr>
</tbody>
</table>
Assessment of Measurement Model
Two latent variables (OC and OP) were used to construct the measurement model. The factor loading estimates for all the items exceeded the recommended limit, ranging from 0.85 to 0.96 for OC and 0.82 to 0.92 for OP (refer to Table 2). The CFA result for the measurement model shown in Figure 1 portrayed an acceptable model fit with the following metrics: $\chi^2$ statistic = 353.374, df = 202; CFI = 0.98, TLI = 0.98, CMINDF = 1.75, p < 0.000, RMSEA = 0.043 (Hair et al. 2019); these metrics are sufficient to measure the model fitness (Kline, 2016).

The constructs' reliability in this study was measured using composite reliability (CR) while the factor loadings for the items that express the convergent validity were measured using the construct's Maximum Shared Variance (MSV) and average variance extracted (AVE) which must be less than the ASV. Table 2 also showed acceptable results of the reliability and convergent validity tests. The results indicated that the factor loadings for all the items were between 0.82 and 0.96. The CR of each construct was acceptable (CR = 0.78 for organizational commitment, CR = 0.77 for performance; these values must be above the cut-off value of 0.70 as suggested by Hair et al. (2019)). The AVE value for each construct was 0.54 for OC and 0.53 for OP which were more than 0.50 and below the value of CR suggested by Hair et al. (2019). Furthermore, all the variables' maximum-shared variance (MSV) was 0.22 for both OC and OP; these values, on the other hand, were lower than the value of AVE. Therefore, the current measurement model's convergent validity was established.

Table (2) Reliability, Factor Loadings of Indicators, and Validity of all the Constructs

<table>
<thead>
<tr>
<th>Construct and Indicators</th>
<th>Loading</th>
<th>CR</th>
<th>AVE</th>
<th>MSV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Commitment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA1</td>
<td>0.94</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA2</td>
<td>0.95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA3</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC1</td>
<td>0.84</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CC2</td>
<td>0.92</td>
<td>0.78</td>
<td>0.54</td>
<td>0.22</td>
</tr>
<tr>
<td>CC3</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CN1</td>
<td>0.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CN2</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CN3</td>
<td>0.96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organizational Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE1</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE2</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE3</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE4</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PE5</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS2</td>
<td>0.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS3</td>
<td>0.89</td>
<td>0.77</td>
<td>0.53</td>
<td>0.22</td>
</tr>
<tr>
<td>PS4</td>
<td>0.93</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PS5</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIN1</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIN2</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIN3</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIN4</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discriminant validity (DV) is a measure of the extent of variation between different variables. Two approaches are used to assess DV as done by previous studies (Zumrah et al. 2021; Al-refaei et al, 2021); the first one is the Fornell Larcker Criterion (FLC) which requires that the value of the AVE square root coefficients in the correlation matrix should be greater than the construct’s squared correlation estimates (Fornell & Larcker, 1981). Another approach is the Heterotrait-Monotrait Ratio (HTMT) and its values for all the constructs must be < 0.85 as suggested by Henseler et al. (2015). The FLC result of the constructs in this study is shown in Panel A of Table 3 while the HTMT result is shown in Panel B; these results suggest adequate DV of all the constructs.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Panel A: FLC</th>
<th>Panel B: HTMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>0.736</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>0.470**</td>
<td>0.734</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.381</td>
</tr>
</tbody>
</table>

**Structural Model**

The current study’s structural equation model evaluates the direct impact of OC on OP by measuring the hypothesized relationship between the variables. The structural model's model fit indices demonstrate a reasonable fit (see figure 1) with the following metrics: χ² statistic = 353.374, df = 202, CMINDF = 1.75, p < 0.000, CFI = 0.98, TLI = 0.98, RMSEA = 0.043. These metrics demonstrated a good model fit for this model as suggested by Hair et al. (2019).

**Hypothesis Testing and Results**

Table 4 presented the results of the structural model and included the beta, standardized estimate, and values, as well as the t-statistics and p-value; these values highlight the importance of the relationship between organizational commitment and performance. According to Byrne (2016), the value of the t-statistics should be >1.96 while the p-value...
must be < 0.05. For the effect of T standardized path coefficients of the influence were positive and significant (β = 0.47, t = 6.405, p = 0.000). Table 4 also showed the result of the structural model's standardized regression estimation.

Table (4) Standardized Regression Estimation

<table>
<thead>
<tr>
<th>Path</th>
<th>Estimate (USD)</th>
<th>Standard Error (SD)</th>
<th>t-value (CR)</th>
<th>p-value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment → Performance</td>
<td>0.56</td>
<td>0.47</td>
<td>6.405</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

*Note: USD = Unstandardized. SD = Standardised

**Discussion**

This study described the nature of the relationship between organizational commitment and organizational performance. It theoretically pointed out the relationship between the variables in addition to how organizational management develops their practices that strengthen their employees' organizational commitment and increases overall performance. Therefore, this study empirically investigated the possible effect of organizational commitment on performance in the electricity sector in developing countries.

The findings of this study identified that organizational performance is positively and significantly affected by employees' organizational commitment in the electricity sector in developing countries. However, an increase in employees' organizational commitment positively increases organizational performance in the electricity sector in developing countries. This finding is consistent with Arthur (1994) who asserted that a higher level of employee commitment would result in high performance. This finding is also in line with Al-Refaei et al. (2019) who stated that organizations could succeed in their business depending on their employees' perception, attitudes, and behavior towards the institutional overall climate and practices. Many studies have also reported similar results by stating that employees' commitment to their organization significantly and positively affects performance (Nikpour, 2017; Giri et al., 2016; Kawiana et al., 2018; Oyewobi et al., 2019; Jufrizen, 2021). Employees with strong trust, beliefs, and acceptance of organization values will be willing to exert more effort to benefit their respected organization, consequently improving organizational performance.

**Implications of the Study**

Despite increased interest in the impact of organizational commitment on employees and organizational performance, most previous studies have been conducted in developed countries such as the United States, Europe, and different areas of Asia (e.g. Nikpour 2017; Giri et al., 2016; Kawiana et al., 2018; Oyewobi et al., 2019; Jufrizen, 2021). However, prior study findings cannot be generalized to another economic stage, such as developing countries with cultural and national features with slow economic growth (Zumrah et al., 2021). As a result, this study contributes to the current investigation by supporting previous results concerning the impact of organizational commitment on non-financial performance in developing countries.

In practical implications, public sector organizations in developing countries can increase non-financial performance by increasing employee organizational commitment. This study found that organizational commitment positively and significantly impacts non-financial performance at electricity enterprises in developing countries. Therefore, the non-financial performance of electricity enterprises may be enhanced by concentrating on
organizational strategies and practices that increase employee commitment. Electricity companies in developing nations recognize that having strong employee commitment allows them to deliver high-quality services to citizens while increasing their financial power.

**Conclusion**

Organizational culture has positive effects on the effectiveness of companies; furthermore, employees with strong psychological attachment to the organization or desire to remain an active member of the organization can have an impact on acceptance to achieve organizational goals and improve performance. The organization must increase its practices and ability to develop a set of values that aim to develop employees’ skills and abilities to support the achievement of organizational goals in the short-term and long-term organizational survival. The results of this study showed that organizations with solid organizational practices have the stability and commitment of their employees and achieve outstanding performance. The organization can develop and invent new ideas, take advantage of technological progress, exploit available resources, and develop innovative skills for their employees and systems that help the organization achieve a competitive advantage.

**Limitation of this Study and Future Directions**

When analyzing the study’s findings, it is essential to consider that there are certain limitations of the study and one of such weaknesses is that this study only includes one company from one city with limited sample size. Hence, it is not easy to generalize the findings, and as such, future research should include a larger sample size by including those from different cities. Various cultural and performance models that include other variables such as transformational leadership and job satisfaction may be examined in future studies.

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