

TAPPING INTO AN INIMITABLE SOURCE OF COMPETITIVE ADVANTAGE: ORGANIZATIONAL COMMITMENT

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Abstract

In today's fast changing and highly competitive business environment, the costs associated with losing well performing and engaged individuals may be too high to bear for the companies. Organizational commitment is a major factor determining employees' intentions of staying in the company and contributing to the overall objectives beyond mere job requirements. Highly committed employees engage themselves more with the organizational goals than regular employees and thus provide a true and inimitable source of sustainable competitive advantage. In this regard, organizational commitment is a critical construct, which helps organizations thrive and succeed. This paper examines a wide range of studies conducted in the organizational commitment literature over the past several decades and presents a comprehensive understanding of the construct, its antecedents, and consequences. The major findings and implications of the substantial research works have been compiled to provide a contemporary and holistic view whereby future research endeavors may catapult from these assertions and pursue in the further development of the construct. Organizational commitment has been found to have three generally accepted major components; normative, affective, and continuance commitment. Organizations and managers alike may benefit from each of these kinds of commitment. This study also provides implications for practitioners and researchers who can build upon previous works and draw conclusions for further action.

Keywords: Organizational Commitment, Normative Commitment, Affective Commitment, Continuance Commitment

JEL Classification: M10, M12, M19

Introduction

In his well renowned study, Barney (1991) asserts that four features of organizational resources make them generate sustainable competitive advantage. If the resources possessed by the organizations are *valuable*, *rare*, *inimitable*, and *non-substitutable*, then the competitive edge is not likely to be caught up by other firms in the long run. In today's global business world where almost all resources like different types of hardware, software, systems, logistical infrastructures, access to capital, etc.

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are quite easy to attain (at least to a large extent), the need for true sources of sustainable competitiveness arises as a major relevant topic in and of itself.

Today, making a difference with regards to competition based on easily imitable resources seems to be a very risky path to take for companies and managers alike. Thus, managers ought to take a more strategic perspective into making their resources more valuable in the eyes of the consumers and customers, rarer compared to competitors, more inimitable, and more non-substitutable. Therefore, the *human capital* the company possesses has the true and exquisite potential to deliver these desired goals. At the end of the day, all your resources – other than your own employees – can somehow be imitated by the competitors. Your company will always be the only company with that particular human capital. Thus, a highly engaged, truly committed, and continuously self-motivated workforce will always be a true gem in a sea of resources and constitute a quintessential source of sustainable competitive advantage.

Organizational commitment has been a very popular topic for researchers (Cohen, 2007; Aranki et al., 2019; Hanaysha, 2016). The reason for this great interest is its vitality in achieving high levels of employee engagement and thus better achievement of organizational goals. Basically, all organizations want high performing employees and they want such employees to stay in their organization. Without either of these, organizations cannot achieve sustainable success. McCunn and Gifford (2014) emphasize that if employees possess high levels of organizational commitment, then they will be involved more with the organization than not so committed employees. In this sense, commitment leads employees into caring more with the overall company mission and goals beyond mere requirements of official professional positions.

Meyer et al. (2002) assert that organizational commitment literature is quite extensive. Even after more than five decades of studies provided by researchers, “there remains rigorous debate as to the nature, types, and bases of commitment” (Mercurio, 2015, p. 393-394). This is natural because commitment happens at the individual level, but it has connections including those that are directly related with the job itself as well as the organization’s work environment. According to Arikan (2020), moreover superior-subordinate interactions also play significant roles in determining the level and type of commitment. Obviously, commitment is a dynamic phenomenon whereby personal and professional expectations actively change and thereby impact the engagement.

To provide a more comprehensive understanding of organizational commitment, this paper reviews major and significant works in the literature and hopes to offer a thorough perspective. First, organizational commitment is discussed. Then, its antecedents, consequences, and three components are highlighted. Finally, certain implications for practitioners and researchers are provided with the hope of engaging further discussion and inspiring future research.

Organizational Commitment

Even though organizational commitment has been studied extensively over the past several decades, a generally agreed upon definition does not yet exist. Over the years, several renowned researchers have provided insightful definitions emphasizing slightly different perspectives. Becker (1960) argues that when a person is committed, he/she “links extraneous interests with a consistent line of activity” (p. 32). Kanter (1968) emphasizes that the committed individual attaches his/her “affectivity and

emotion to the group” (p. 507). Marsh and Mannari (1977) claim that when employees are committed to their organizations, they consider it a “morally right to stay in the company” (p. 59). Pool and Pool (2007) state that “organizational commitment reflects the extent an individual identifies with an organization and committed to its organizational goals” (p. 353). Aydin et al. (2011), in their definition of organizational commitment emphasize employees’ “definite desire to maintain organizational membership” and their “willingness to exert considerable effort on behalf of the organization” (p. 628). When we compile and integrate the previous definitions and approaches, organizational commitment can be said to mean *an employee’s intention to stay as part of the organization and engagement to contribute to organizational goals*.

It can be said that organizational commitment is among the most studied topics among researchers because it has a direct impact on the employee work behavior (Meyer et al., 2002). Only committed employees can perform at above average levels. Through engagement, companies can benefit from the otherwise latent potential of their human capital. Furthermore, committed employees have a sense of identifying themselves with the company and what it stands for. Fornes et al. (2008) claim that organizational commitment is the factor that connects the employees to their respective organizations. In this respect, it establishes a feeling of belongingness between the work force and the company. And it is a major reason why organizations accomplish their goals and objectives.

Organizational commitment has been shown to have several very positive impacts; like increased intention to stay, higher job satisfaction, and lower absenteeism (Yahaya and Ebrahim, 2016). Chen et al. (2006) claim that higher organizational commitment increases job performance and work motivation. Highly committed workforces can eliminate the costs associated with low motivation, absenteeism, and high turnover (Yahaya and Ebrahim, 2016). On the other hand, without an engaged workforce, companies have to settle for mediocre performance at best. The reason behind this is that an uncommitted workforce may be willing to quit at any point in time resulting in more problems regarding costs of rehiring, retraining, redeveloping, and etc. of the next set of employees. Moreover, an organization with a very high turnover rate will definitely not be an attractive alternative in the perceptions of potential new joiners.

Due to the nature of the construct, organizational commitment brings out the otherwise dormant energy within employees. Thus, in today’s highly competitive business world, organizational commitment promises a competitive edge over those companies which lack it (Arikan, 2019). Since organizational commitment helps companies succeed in their endeavors and can be a source of competitiveness, it is of critical importance especially in contemporary business environment.

Antecedents of Organizational Commitment

Organizational commitment literature provides quite an extensive list of antecedents because the construct is majorly a psychological attachment to the organization and there are different components of it. Moreover, the human psyche is a dynamic one and so are the external factors. So far, the findings of the literature regarding the antecedents of organizational culture can be grouped under four categories; demographic, individual, job related, and organizational factors.

Demographic factors such as age, gender, marital status, level of education, length of service (tenure), and leadership style pertaining in the organization seem to affect the level and type of organizational commitment (Chughtai and Zafar, 2006). At the individual level, personal attributes and the superior-subordinate relationships seem to dominate the level of organizational commitment or lack of it (Mathieu and Zajac, 1990). Job related and organizational factors sometimes overlap one another. Job characteristics, autonomy, remuneration systems, and interesting work appear as the major factors affecting organizational commitment, whereas culture, level of empowerment, fairness, clarity, leadership, and feedback seem to be the main organizational factors leading to organizational commitment (Alkahtani (2016), Fornes et al. (2008), and Meyer et al. (2002).

Due to the highly complex, and sometime overlapping, nature of the antecedents of organizational commitment, managers need to understand the individual motives and expectations behind employee engagement. By noticing these factors, reasons behind uncommitted as well as committed employees may be spotted. Thus, managers may understand the real source of motivation or lack of it. This can lead to management making more informed changes in their decisions regarding human capital policies of the organization.

Consequences of Organizational Commitment

The major outcomes of high organizational commitment are higher motivation (Mathieu and Zajac, 1990), higher job satisfaction (Yousef, 2000), better job performance (Chen et al., 2006), and lower turnover rates (Chughtai and Zafar, 2006). Highly engaged employees seem to outperform other employees on almost all aspects. Since organizational commitment is not a one facet phenomenon, but rather a three-component construct (normative, affective, and continuance commitment), it is noteworthy that not all types of commitment will lead to same levels of such positive consequences. In the literature of organizational commitment such a distinction should always be considered.

Apparently, the outcomes of organizational commitment are what all companies desire. In that regard, it can be argued that not all organizations are equally competent enough to manage their engagement policies. As discussed above, organizational commitment occurs at the individual level, whereas it has its roots at multiple levels (demographic, individual, job related, and organizational). So, in order to benefit from such advantageous consequences, managers need to have deliberate agendas concentrating on understanding the cause-and-effect relationships between their specific employees and the desired level and type of organizational commitment.

Normative Commitment

Meyer and Allen (1997) proposed a now widely accepted three-component model of organizational commitment. This model suggests that the major psychological state that connects the employee to the organization is one of these three components. However, any combination of these components is also possible. In other words, an employee may have more than just one component of commitment.

According to Allen and Meyer (1990), normative commitment is the desire to stay in the organization because the employee thinks and feels that it is the *right thing*

to do. In other words, normative commitment occurs due to a feeling of obligation. In normative commitment, employees feel the obligation to pay back their dues since they believe that this would be the morally appropriate thing to do. In this sense, there is a reciprocity between what the company, managers or superiors provided and what the employees feel in debt for.

If as an employee you believe that your company hired you when no other company was interested in your credentials at the time, then the indebted obligation you feel may be the cause of your commitment. As with all mutual relations, there are two sides to this. At one side, the company has taken the initiative to hire you and spend time, energy, and money in training and developing you. So, it is a deliberate act on the management's side. On the other hand, it is easy to predict that not all individuals in a similar situation would feel the same urge of responsibility and obligation. Thus, for normative commitment to occur, there must be a congruency between the expectations and moral values of both sides. In other words, management can harness normative commitment by setting certain intentions, but must keep in mind that these efforts are better exerted on those individuals who share the same or similar set of values.

This component of organizational commitment can prevail because of either "moral duty" or "indebted obligation" (Meyer and Parfyonova, 2010, p. 284). If, as an employee, you believe that the company is going through rough times and it is your moral duty to help your organization navigate through such an unfavorable situation, then this can convince you to stay in the company. This can be called self-convincing because of a feeling of obligation. Likewise, if you believe that the company and your superiors invested heavily in developing your skills and capabilities and are the major reason why you became so competent and experienced, you may feel an indebted obligation to stay.

Affective Commitment

Affective commitment occurs at the emotional level and is the desire to stay as part of the organization. In other words, employees stay as part of the organization because they really *want to do so*. Darolia et al. (2010) claim that employees with high affective commitment are more likely to identify themselves with the company. Those employees with affective commitment find emotional value in the organization and they want to be a permanent part of it. Because of this emotional attachment, they feel as though they are part of the family. Such employees naturally enjoy work, but more importantly they enjoy working in that specific company and want to stay in it.

Colquitt et al. (2010) assert that spending extra effort on work is possible through those employees who have high levels of affective commitment. This kind of engagement is very valuable. In that regard, management should be very aware of its competitive potential. Such employees really are engaged in their work and their organization and they exert the extra effort willingly. Losing such engaged work force may be too costly for companies. Those employees with affective commitment are willing to contribute at a greater level because of their sense of belongingness. Managers, leaders, and supervisors should notice this component of organizational commitment in their employees and nourish it because it leads to higher motivation and involvement, which are attributes all companies look for.

Continuance Commitment

In continuance commitment, the employee makes a rational cost-benefit analysis of staying versus leaving. As a result of this analysis, the employee has a desire to stay and be a part of the organization because it is more beneficial that way. In other words, employees with continuance commitment stay with the company because *they need to*. According to Meyer and Herscovitch (2001), employees with continuous commitment find it “costly to discontinue” (p. 316).

For example, if as an employee you have certain promotion opportunities ahead of you or the situation in the job market makes your current salary seem more favorable compared with prospective positions in other companies, you may feel a certain level of desire to stay in the company due to these factors considered. Thus, continuance commitment occurs relative to other factors that may offer comparable benefit packages. In that regard, it is very much related with expectations and other viable opportunities. Needless to say, in this component of organizational commitment, merely compliance is provided by the employees to their organization. Superiors, managers, and leaders in general ideally ask for more than compliance. They want to have engaged employees who will be willing to go the extra mile when necessary. In this regard, even though continuance commitment is a component of organizational commitment, it is not a very desirable one (Cooper, 2003).

Management should be aware of those employees with continuance commitment and notice that they may decide to leave the organization if other alternatives seem more viable. In this respect, depending on whether or not those individuals possess the desired skills, abilities, and competencies for the company, management may reconsider what they offer to such employees. Certain benefits offered may be altered based on such an analysis.

Conclusion

All organizations pursue achievement of their goals, being more competitive than the existing rivalry, and keeping high performing individuals in the work force. Organizational commitment is a key factor in all these aspects. Through engaged employees, companies get better performance results. Both quantitative performance (e.g., sales figures, market share, profitability, etc.) and qualitative performance (e.g., better customer service, innovativeness, employee satisfaction, and etc.) of organizations improve through committed individuals who offer more and higher quality input at the human capital level.

With engaged employees, organizations also achieve a competitive edge over their rivals and this competitiveness is very difficult to imitate because it resides in the workforce of the company itself. All other resources a company possesses are imitable to a great extent, but if the human capital you have has more involvement and engagement than competitors, then this has the potential to be a source of sustainable competitiveness due to its inimitable nature. Also, if high performers in the company choose to stay in the organization, then this has several side benefits. It makes the company more attractive in the industry as well as among prospective employees. In addition, inside the company, it helps create a more successful environment and a more positive and healthier organizational culture. Other employees have good and strong examples to look up to. Finally, a highly committed workforce may make management’s job so much easier by

providing solidarity and engagement among employees in terms of goals alignment. Efforts of the workforce are more in line with the overall strategy and objectives.

Organizational commitment can be derived by a variety of factors; demographic, individual, job related, and organizational factors. Because of demographic differences, individuals may present different levels of commitment. Since some demographic attributes may change in time and affect the expectations of the employees, then this will naturally change the amount of commitment individuals have towards their jobs. As for the individual characteristics like personal attributes and the superior-subordinate relationships, companies would be benefiting greatly if they actively invested in their employees and received continuous feedback to understand what it takes to get those employees more engaged. Job related characteristics seem to be an independent factor affecting organizational commitment at first glance, but even this can be turned into a potential advantage in terms of engagement if the managers and the company at large devote themselves to provide more empowerment and autonomy.

By making work related tasks more interesting and challenging, the managers can bring out the otherwise latent creativity within employees and help them commit at a deeper level. So, the managers and the company may have a deliberate agenda to enable more commitment in order to make those high performing individuals want to stay as part of the organization. This ties to the organizational factors. By creating an environment where employees can continuously improve themselves, the managers can turn their work into a place of attraction. This will enhance the value of the company in the eyes of the current employees and it will make it a more desired place to work for the prospective work force.

Due to the nature organizational commitment, engagement may be present even without any effort on the part of the management or the managers as is the case sometimes with affective commitment, especially. Without any management intervention or doing anything exceptional, certain employees may already be highly committed to the organization. However, rather than waiting for this to happen, a more proactive management approach may trigger almost all antecedents of organizational commitment and help create a strong and widespread organizational citizenship behavior across the whole company. Thus, the managers and the leaders have a certain obligation to actively be a part of the organizational commitment process. Since the outcomes of highly engaged employees like higher motivation, higher job satisfaction, better job performance, and lower turnover rates are what all companies want to achieve, organizational commitment seems to be a very potent area where management can intentionally exert extra efforts. To reap the benefits of committed employees, managers can make organizational commitment a major topic on their agenda both in the short and long term.

Researchers have already shown great interest in organizational commitment and its development over the past several decades. Since organizational commitment is very much related with individual, job-related, and organizational factors, future research may benefit more from a holistic model, which can help clarify the overlapping issues. Such a model may show cause and effect relationships more clearly. Finally, if research initiatives combine such an effort with more longitudinal studies, the desired effects may be better presented to other researchers as well as the practitioners. By understanding the dynamics behind and within different types of commitment, researchers may offer more comprehensive approaches to improve employee engagement.

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