

# FROM ENGAGEMENT TO LOYALTY: A REVIEW OF ORGANIZATIONAL COMMITMENT IN THE MODERN WORKPLACE

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## Abstract

The notion of organizational commitment (OC) has gathered significant recognition in the sphere of management, organizational behavior, and HRM. With the persistent evolving expectations of employees and the consistently changing nature of the modern workplace, it has become indispensable for organizations to foster an engaged and loyal workforce. This review article aims to present a comprehensive conceptualization of organizational commitment by keenly analyzing its theoretical foundation through distinctive theories and constructs. The authors have delved into contemporary literature for identifying and comprehending the key antecedents of OC specifically employee engagement (EE) and employee loyalty (EL) along with reviewing the relationship of these two among themselves and with OC. The present review found a lack of existing literature showcasing the direct relationship between EE and EL thus providing an opportunity for future research endeavors. Further, the current article suggests educational implications and valuable insights for researchers, practitioners, and human resource professionals interested in understanding and enhancing employee commitment in cultivating loyal and engaged personnel, leading to improved performance, reduced turnover, and increased employee well-being.

**Keywords:** Organizational Commitment, Employee Engagement, Employee Loyalty, Workplace

## 1. INTRODUCTION

The notion of organizational commitment in the workplace is the most researched and formidable concept in the sphere of management, organizational behavior, and HRM (Morrow, 1993; Cohen, 2003; Cooper-Hakim & Viswesvaran, 2005; Cohen, 2007). Introducing the concept of commitment Becker (1960) explicated it as “one mechanism producing consistent human behavior”. Porter et al. (1974) defined OC as an identification of an employee with his/her organization’s goals and values as well as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday et al., 1979). Luthans (2002) determined organizational commitment as “the process by which the members of the organization feel they have a share in the well-being and success of the organization and a type of attitude that reflects the commitment to an organization”. Detailing OC in their study Meyer and Allen (1991) explained commitment through three components namely, Affective Commitment which is the emotional connection of an employee with an organization, Continuance Commitment is associated with the cost that an employee has to bear on leaving the organization, and Normative Commitment is the association of an employee with an organization based on personal ethic, ideology, and morals. Hence, an individual gets devoted to an organization in specifically three ways. These varied definitions and the mentioned bifurcation signify OC a multidimensional concept representing the

attitude and behavioral constituents of commitment to work (Meyer et al., 1993).

In the above context, the contemporary literature gives insight into antecedents of organizational commitment which play a crucial role in shaping workplace commitment. The predecessors such as job satisfaction (Ćulibrk et al., 2018), motivation and performance (Jakada et al., 2019), leadership (Öztekin et al., 2015), absenteeism (Sagie, 1998; Lambert et al., 2014) organizational effectiveness (Sharma, 2016), employee retention (Greenberg & Baron, 2013; Jameel et al., 2020), etc. provide a comprehensive understanding of organizational commitment existing at a specific organization. Despite the thorough investigation of OC’s antecedents, the available literature lacks an explaining some of the facets influencing OC such as employee engagement and organizational loyalty as well as their association which requires further exploration. While engagement has been widely studied and recognized as a driver of positive work outcomes, its direct impact on employee loyalty remains less understood. This gap in the literature enlightens the objectives for the current review article:

1. to review and synthesize the existing literature on OC.

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2. to identify and examine the factors influencing OC specifically focusing on EE and EL.
3. to review and synthesize the existing literature on EE and EL.
4. to analyze the association between EE and EL and its influence in shaping OC.

## 2. LITERATURE SURVEY

To comprehend OC, it is essential to understand the theoretical foundation and its gradual conceptual development over time. This section provides insight into the conceptualization of OC by reviewing and closely synthesizing the existing literature related to it.

### *Side-bet Theory*

This theory is an initial approach proposed by Becker (1960) which provides an extensive conceptual framework for OC. This theory provides a thorough outlook on the association between an individual and an organization. According to the side-bet theory, an employee remains committed to an organization based on the investments made by him/her while being involved in that organization. These investments are totally or somewhat hidden and were termed side-bets by Becker (1960) to signify their value as these investments would be lost by the employee on disengaging with the organization. The fear of losing these investments and the absence of any other alternative which would cope with the loss compel employees to remain committed to the particular organization.

### *The Exchange Theory*

The next development in the conceptualization of organizational commitment is the Exchange Theory that was proposed by Porter et al. (1974). This theory proposed that an individual's psychological connection with an organization is the cause of the organizational commitment. According to this theory, psychological attachment is based on an individual's attitude that influences the commitment at the workplace which is identified by three factors: "(1) a strong belief in and acceptance of the organization's goals and values; (2) a willingness to exert considerable effort on behalf of the organization; and (3) a strong desire to maintain membership in the organization..." (Mowday et al., 1979).

### *Multi-dimensional Theory*

Coining the term organizational commitment Meyer and Allen (1991) reconceptualized the concept of commitment by establishing it as a multidimensional construct depicting the correlative power of identification, involvement, and loyalty of an individual towards an organization (Faloye, 2014; Meyer & Allen, 1991). Meyer and Allen (1991) proposed a three-dimensional model of organizational commitment constituting three factors namely, Affective Commitment, Normative Commitment, and Continuance Commitment which were found based on the attitude, perceptions, and three distinct psychological states of individual employees. Affective commitment signifies an emotional attachment of an employee toward the organization due to which he/she chooses to stay committed to the working organization

(Singh & Gupta, 2015). Continuance commitment signifies the attachment of an individual due to positive extrinsic rewards, and economic benefits secured while being with an organization (Faloye, 2014). This factor is related to the analysis of the cost-benefit of an employee influencing his/her commitment toward the organization. Normative commitment depicts the devotion of an individual to an organization due to moral reasons (Iverson & Buttigieg, 1999; Singh & Gupta, 2015), obligation, a sense of duty (Messner, 2013), and societal expectations (Singh & Gupta, 2015).

Another multidimensional approach to conceptualizing organizational commitment was proposed by O'Reilly and Chatman (1986) defining commitment as a psychological attachment perceived by an individual toward the organization signifying the degree of internalizing and adopting the characteristics or perspectives by an individual set by the organization. They illustrated that "one's psychological attachment may be predicted by three independent factors: (a) compliance or instrumental involvement for specific, extrinsic rewards; (b) identification or involvement based on a desire for affiliation; and (c) internalization or involvement predicated on the congruence between individual and organizational values" (Cohen, 2007).

## **Engagement to Loyalty: Antecedents of Organizational Commitment**

This section identifies and examines the antecedents influencing organizational commitment specifically employee engagement and organizational loyalty. Further, this part of the review article delves into the available literature on employee engagement and organizational loyalty to analyze the association between the two shaping workplace commitment.

### *Organizational Commitment and Employee Engagement*

Literature reveals an organizational commitment to be an organic and spontaneous process that is evolved by the influence of the relationship between an organization and an individual (Allen & Meyer, 1990; Messner, 2013; Meyer & Allen, 1991). This relationship illustrates distinct levels of commitment depending on the perceptions of loyalty of an individual which in turn impacts the engagement of employees and their retention in a particular organization (Allen & Meyer, 1996; Ghazzawi, 2008; Tuna et al., 2011). Employee engagement can be defined as "a binding of oneself to their organization's work roles where they bodily, cognitively and sensitively involve themselves in their work role" (Khan, 1992). It is "the state in which employees are passionately and knowledgeably dedicated to the organization or group which can be measured by three behavioral exhibitions of employees namely Say, Stay and Strive (Hewitt Associates LLC, 2004). Illustrating engagement as a multifaceted notion (Khan, 1992) research conducted on employee engagement discovered its scope in distinctive contexts (Rameshkumar, 2019) one such is organizational commitment. Explaining the link between commitment and engagement researchers such as Ghazzawi & Smith (2009), Nelson & Quick (2008), Toor & Ofori (2009) and Tuna et al. (2011) illustrated that committed employees show more engagement in the organization which in turn

strongly enhances their job satisfaction. A similar study conducted by Rameshkumar (2019) depicted employee engagement as a strong antecedent of organizational commitment that has a positive and significant influence on affective and normative commitment. Demonstrating a positive association between engagement and organizational commitment Schaufeli and Salanova in their study revealed that the increasing levels of engagement amplify job satisfaction, motivation, innovation execution, and employee performance while decreasing the absenteeism rate (Gilliland et al., 2007; Schaufeli & Salanova, 2007). Furthermore, Hakanen et al., (2008) in their study verified the effect of job resources on work engagement which in turn influenced organizational commitment. Thus, the available literature suggests an intertwined relationship between engagement and organizational commitment.

#### *Organizational Commitment and Employee Loyalty*

Employee loyalty according to Meyer and Herscovitch (2001) refers to “the extent to which an employee identifies with and is committed to an organization, and the willingness to exert discretionary effort on behalf of the organization”. Kim and Brymer (2011) define employee loyalty as “the emotional attachment, commitment, and identification an individual has towards their employing organization, which results in a willingness to exert effort on behalf of the organization” whereas Huselid and Becker (2005) demonstrated it as “an employee's commitment, trust, and allegiance to their organization, and their willingness to remain with the organization despite alternative opportunities.” According to available literature employee loyalty and organizational commitment are two keen associated concepts. Illustrating the relationship between employee loyalty and the three dimensions of OC Meyer and Allen (1991) and Vandenberghe and Bentein (2009) revealed that employees exhibiting high levels of affective, normative, and continuance commitment are likely to be loyal and manifest behavior that would benefit the organization. A similar study conducted by Ahmed and Shamim (2019) revealed the significant impact of organizational commitment on employee loyalty through the mediation of psychological capital. Furthermore, Lee and Allen (2002) investigated the mediation of cognition between the association of organizational citizenship behavior (a form of loyalty) and organizational commitment showcasing the role of loyalty in fostering positive workplace behavior and thus commitment.

#### *Organizational Commitment, Employee Engagement and Employee Loyalty*

Literature reveals organizational commitment to be an organic and spontaneous process that is evolved by the influence of the relationship between an organization and an individual (Allen & Meyer, 1990; Messner, 2013; Meyer & Allen, 1991). This relationship illustrates distinct levels of commitment depending on the perceptions of loyalty of an individual which in turn impacts the engagement of employees and their retention in a particular organization (Allen & Meyer, 1996; Ghazzawi, 2008; Tuna et al., 2011). Contemporary literature shows the mediation of employee engagement in fostering the association of commitment and loyalty in an

organization (Meyer and Herscovitch, 2001; Saks, 2006) along with employee well-being (Shuck and Reio, 2014) but lacks an explanation for the direct relationship of employee engagement with the employee loyalty. Hence, the current review article provides an opportunity for future research that would scientifically elaborate and interpret the direct relationship between employee loyalty and engagement as well as the impact of this relationship on organizational commitment.

### **3. EDUCATIONAL IMPLICATIONS**

1. **Comprehending the Concept of Organizational Commitment:** the article insights an elaborative review of organizational commitment, explaining its diverse concept through its varied proposed theories and its multi-dimensionality. This comprehension can be beneficial for students studying organizational behavior or human resource management, as well as professionals to enhance their understanding of employee commitment. It can serve as a foundation for further research and practical implementation in the workplace.
2. **Identifying antecedents of organizational commitment:** the article thoroughly demonstrates the elements namely, employee engagement and organizational loyalty. The extensive review of their relationship and its influence on commitment can assist students and professionals in gaining valuable insights into the underlying forces that drive commitment and in devising strategies to enhance it within their respective organizations. Moreover, understanding these factors can also help educational institutions in designing curricula and programs that foster commitment through engagement and loyalty among their students.
3. **Enhancing EE and Loyalty:** the article explores the correlation between employee engagement and organizational commitment, emphasizing their interdependence. Educators can utilize this knowledge to design training programs and courses that specifically target the improvement of employee engagement, as it serves as a foundation for commitment and loyalty. Educational institutions can contribute to the development of a committed and loyal personnels by providing pupils with the essential abilities to actively participate and establish connections with their prospective organizations.
4. **Implications for organizational policies and practices:** the current article proposes practical implications for organizations to elevate employee commitment through engagement and loyalty. The review discusses the significance of an unbiased reward system, employee recognition programs, and supportive work surrounding which eventually pursue employee engagement and organizational loyalty. These findings can be utilized by educational institutions to develop case studies or simulations that allow students to explore and apply these principles in authentic scenarios.

Students can learn how to design and implement effective policies and practices to foster commitment and loyalty within their organizations.

#### 4. DISCUSSION AND CONCLUSION

The review article presents a thorough analysis of organizational commitment and its significance in the contemporary workplace. It explores different aspects of organizational commitment and investigates the factors that influence it, aiming to enhance our understanding of this crucial aspect of employee behavior. The article commences by defining organizational commitment as the psychological attachment and loyalty that employees have towards their organization. It distinguishes between three components of commitment: affective, continuance, and normative. One of the major contributions of the article lies in its examination of the factors that impact organizational commitment. It discusses various drivers of commitment, such as job satisfaction, absenteeism, motivation, performance, organizational effectiveness, employee retention, employee engagement, organizational loyalty, leadership behavior, and organizational culture. By analyzing the existing research, the article insights into how these factors specifically influence employee engagement and organizational loyalty. The association between engagement and loyalty in fostering commitment proposes that organizations should invest in leadership development programs and cultivate a positive work environment by considering the evolving dynamics of the modern workplace. Thus, the present review provides valuable insights for researchers, practitioners, and organizations seeking to foster commitment and loyalty among employees.

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