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Organizational commitment and satisfaction of payment systems and facilities in Iranian steel industry, case study: Pars Zagros heavy machineries company

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ABSTRACT

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This study is intended to investigating the relation between organizational commitment and satisfaction of payment systems and facilities. The population of the study is built on Pars Zagros heavy machineries company that one the Iranian Steel companies. The number of our sample is 181 persons. The data collection was performed on 2013 summer. We got benefit from questionnaire method also descriptive statistics was used. The validity of questionnaire was measured by Cronbach's Alpha. All hypotheses were approved and the findings illustrate that satisfaction of Payment systems and facilities is positively related to organizational commitment. It means that increasing the level of satisfaction of payment systems and facilities lead to continuance, normative and affective commitment improvement.

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1. Introduction

As Koch & Steers (1978) researches organizational commitment has an important place in the study of organizational behaviors since the studies have found relationships between organizational commitment and attitudes and behaviors in the workplace. In addition commitment to organization is linked to very important work-related factors: employee turnover, absenteeism and performance (Mowday, Steers, & Porter, 1979; Walton, 1985). Also they defined organizational commitment as a strong belief in the organization's goals and values and a willingness to exert considerable effort on behalf of the organization. This means organizational commitment is regularly conceptualized as an affective attachment to an organization as a consequence of an individual sharing the organization's value, their desire to remain in the organization, and their willingness to exert effort on behalf of the organization (Mowday et al., 1979).

Previous examinations of commitment reveal that it deals with the individual's identification and involvement with an organization (Porter, Steers, Mowday, & Bouhan, 1974). When thought of this way, commitment is beyond passive loyalty, it involves an active relationship wherein individuals are willing to give of themselves to contribute to the organization's well-being (Mowday et al., 1979). The most commonly accepted thoughts on commitment are that it is an indicator of employees who are strongly committed to an organization and are least likely to leave; hence it is a psychological state that binds an individual to an organization (Meyer, Allen, & Gellatly, 1990). As a psychological state commitment is then characterized as an employees' relationship with the organizational and the decision the employee makes to continue membership in the organization (Meyer & Allen, 1991).

On the other hand compensation system specifications are not the only effective impact on the performance and employee motivation moreover is an important factor on staff's retention in organization, job satisfaction and organizational commitment. Due to aforementioned reasons employees who have more organizational commitment concentrate their efforts to achieve goals of the organization and identity. The current study seeks to explore the relationship between organizational commitment and satisfaction of Payment systems and facilities. Also answer the question Whether or not there is a connection between these two categories? And if there is a relation in the case of this research what is the level of organizational commitment components.

2. Organizational commitment

Organizational commitment is defined as a condition in which an employee takes side to a certain organization and goals and his wish to defend his membership in such organization (Robbin and Timothy, 2008:101). Many studies have been conducted to explore the concept of organizational commitment (OC) and to examine the validity of different measures of organizational commitment (e.g., Allen & Meyer, 1996), and to investigate the relations between organizational commitment and its antecedents and outcomes (e.g., Allen & Meyer, 1990; Buchko, Weinzimmer, & Sergejev, 1998).

Affective commitment, continuance commitment, normative commitment is the three kinds of organizational commitment model. Affective commitment means an emotional attachment to one's organization that is similar to Porter et al (1974) conceptualization. Continuance commitment is an attachment based on the accumulation of valued side bets such as pension, skill transferability, relocation, and self-investment that co-vary with organizational membership and normative commitment attachment that is based on motivation to conform to social norms regarding attachment. Common to these three components is the view that commitment is a psychological state that characterizes the employees' relation with the organization, and has implications for the decision to continue or discontinue membership in the organization (Meyer & Allen, 1991).

3. Payment systems and facilities

Bartol (1999) Compensation system characteristics, performance management and staff motivation is not only an effective factor but also is an important factor in employee retention patterns in the organization and prevent their desertion, job satisfaction and organizational commitment. Compensation

understanding the factors underlying successful adoption of compensation strategies can assist organization in to the optimal use of rewards in meeting organizational objective. Understanding the factors underlying successful adaptation of compensation can assist organizations in the optimal use of rewards in meeting organizational objectives. Compensation systems have undergone tremendous change in organizations like lots of managerial practice. Compensation Systems can suit for organizational structure when these organizations become flatter, smaller, flexible and diverse.

In a human resource management perspective, compensation is often viewed as an employer who designs and administers the various types of pay systems to reward its employees who provide services and/or perform a certain job or jobs (Henderson, 2009; McShane & Von Glinow, 2005). As Bergman and Scarpello (2002), McShane & Von Glinow (2005) researches many employers design compensation programs to pay and reward their employees based on job and performance/s. Job based pay is also known as membership and seniority based rewards where an employer provides the type, level and/or amount of monetary and non-monetary payments based on the merit of job (e.g., pay rates are allocated according to employees' skills, efforts, responsibilities, and job conditions).

The forms of job based pay implemented in organizations are time based pay, membership based pay and tenure based pay, are the samples of the payment systems.

Performance based pay is also known as person based pay where an employer provides the type, level and/or amount of monetary and non-monetary payments found on employees' skills, knowledge, competencies and/or merit (Bender, 2003; Blau & Kahn, 2003; Henderson, 2009). As a substitute regarding to Amuedo-Dorantes and Mach (2003), Appelbaum and Mackenzie (1996) and Lee et al. (1999) studies, the rules for distributing rewards, the fluctuations of pay levels and structures are now contingent upon the level of performances, skills, knowledge and/or competency exhibited by the employees and not the nature of their job structure.

Milkovich & Newman (2009), explained that performance based pay has two major types: pay for group performance (team based pay and gain-sharing) and pay for individual performance (e.g., merit pay, lump sum bonus, promotion based incentives and variable pay).

In organizations, sufficiency of pay is often defined as the type, level and/or amount of pay which is provided by an employer to its employee who work in different job groups based on the organizational policy and procedures (Anthony et al., 1996; Milkovich & Newman, 2009).

A variety of research on organizational commitment and payment system has been carried out in various industries who continue to express their will, but reading this thread has been done in the steel industry for the first time .Also as Tepstra and Honoree (2005) said research related to the concept of organizational commitment and satisfaction payment system rarely integrated with each other and little empirical research has examined the relationship between them. Cheng and Stockdale (2003) in their study examined the construct validity of Meyer and Allen's (1991) three-component model of organizational commitment in a Chinese context and compared levels of OC between the Chinese sample and previously published data from Canada and South Korea. This study indicates that there is a relationship between organizational commitment and compensation. It also shows that organizational commitment and job satisfaction are related to compensation and the relationship between China and South Korea are higher than in countries such as Canada. To summarize, this study tend to the validity of the Meyer and Allen's (1991) three-component model of organization commitment in an Iranian Steel company context.

4. Conceptual framework

In this segment the conceptual framework of this study is presented. This model that is shown in figure 1 presents the components of Organizational commitment and Satisfaction of Payment systems and Facilities. Based on the discussion above, we propose the following:

Hypothesis1. Organizational commitment has a positive relationship with satisfaction of payment systems and facilities.

Hypothesis2. Affective commitment and satisfaction of payment systems and facilities have a positive relationship.

Hypothesis3. Continuance commitment and satisfaction of payment systems and facilities have a positive relationship.

Hypothesis4. Normative Commitment and satisfaction of payment systems and facilities have a positive relationship.

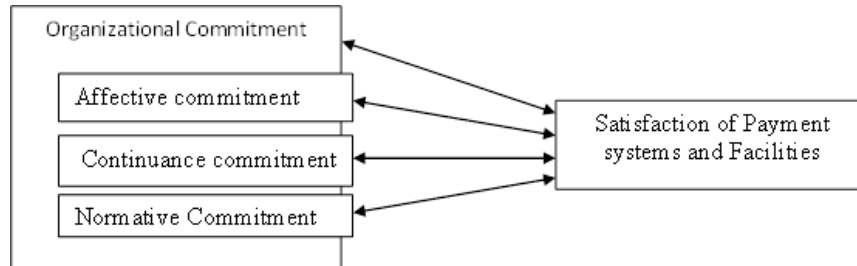


Fig.1. Conceptual Model.

5. Research methodology

5.1. Sample and data collection

The population of this study is built on all of employees who work for Pars Zagros heavy machineries company that active in Steel industry in Iran. These companies active in steel industry and they produce a lot of requirements for other Iranian firms and also they active in global markets and export their products. Totally 212 questionnaire were distributed. After eliminating those completed incorrectly or missing too many questions, Totaling 181 usable questionnaires were collected.

Table 1
Demographical characteristics.

Variable	Level	Frequency	Percent
Gender	Male	161	89
	Female	20	11
	Total	181	100
Age	20-30	60	33
	30-40	60	33
	40-50	42	23
	More than 50	19	11
Education	Less than high school	60	33.4
	High school	55	30.4
	Bachelor Degree	50	27.2
	Master's Degree and more	16	9

5.2. Measurement

This study is questionnaires based and have three parts. Part 1 is related to demographic characteristics. Part 2 is about determining organizational commitment in three components that each one has 6 questions eventually part 3 is about satisfaction of payment systems and facilities with 7 questions. We measured all variables on a five point Likert-scale with the level 1= "strongly low" to 5= "strongly at high". The Reliability test was performed by Cronbach's alpha. In the current study, the Cronbach's alpha was 0.811 for satisfaction of payment systems and facilities (PS), 0.804 for continuance commitment (CC), 0.807 for normative commitment (NC) and 0.824 for affective commitment (AC).

5.3. Analysis and results

In this section the hypotheses were tested by statistical methods, for this purpose we get benefit from SPSS program. The hypotheses were tested as seen in table 1 the results of correlations analysis

show that there is a relationship between organizational commitment and satisfaction of payment systems and facilities (Pearson Correlation=0.377, Sig<0.05), there is a relationship between continuance commitment and satisfaction of payment systems and facilities (Pearson Correlation=0.345, Sig<0.05), and there is a relationship between normative commitment and satisfaction of payment systems and facilities (Pearson Correlation=0.241, Sig<0.05) and also there is a relationship between affective commitment and satisfaction of payment systems and facilities (Pearson Correlation=0.347, Sig>0.05). Therefore it means that all hypotheses were supported. The findings are shown in table 2.

According to the correlation coefficients with 95% confidence and 0.05% error can be said that the entire research hypothesis is confirmed. The higher the convenience of satisfaction of payment systems and facilities can increase organizational commitment in each component and vice versa.

Table 2
Correlations.

		PS	AC	CC	NC	OC
PS	Pearson Correlation	1	.347**	.345**	.241**	.377**
	Sig. (2-tailed)		.000	.000	.001	.000
	N	181	181	181	181	181
AC	Pearson Correlation	.347**	1	.528**	.594**	.838**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	181	181	181	181	181
CC	Pearson Correlation	.345**	.528**	1	.464**	.825**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	181	181	181	181	181
NC	Pearson Correlation	.241**	.594**	.464**	1	.818**
	Sig. (2-tailed)	.001	.000	.000		.000
	N	181	181	181	181	181
OC	Pearson Correlation	.377**	.838**	.825**	.818**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	181	181	181	181	181

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

6. Finding

The Findings show that there is a relationship between organizational commitment and satisfaction of payment systems and facilities. This study demonstrates that there is a relationship between the normative commitment and satisfaction of payment systems and facilities. It means that improving employee satisfaction and settlement facilities in the system can cause the employee to perform their duties in the best shape. It also prevents the employee turnover in organizations that can help to preserve the human capital of the organization. Also it shows that continuous commitment and satisfaction of payment systems and facilities. Therefore, the survival of the employees in the organization as a factor considered desirable to have a continuous commitment towards the organization and duties granted by it, as a pleasant duty to accept. Our finding indicates that there is a relationship between affective commitment and the payment facility. Thus, upon adequate facilities in the organization can be sustained emotional commitment of employees to the organization achieved. In such circumstances as the employees personal problems perceived problems and will spare no effort to solve these problems. It also creates an emotional commitment to a strong attachment between the employee and the organization and can provide many positive results in the organization.

7. Discussion

Steel Industry in Iran, in 1927, plans were drawn up to establish smelting works in the north of the country to produce rail tracks domestically. The prospects of Iran's steel industry seem favorable due to its large and rich raw material resource base, its rich and cheap energy resources, human capital and

technical know-how (Noorbakhsh, 1999). Pars Zagros Heavy Machinery Company (PZM) is one of the factories which active in around south west of Isfahan, in Mobarakeh industrial zone and is close to two major Iranian steel producers, Mobarakeh steel company as largest industrial complex of Iran and Esfahan steel company. Considering combination of facilities, capabilities together with experienced human resources, Pars Zagros is executing several projects in various volumes. The largest is an EPC contract with Mobarakeh Steel Company (MSC) which includes two steel coil inspection lines and a single steel coil packing line. Because of this examining satisfaction of payment system and facilities is one of the key factors can help managers to make decision effectively more than before, in this research organizational commitment and payment system were studied. The results of this study provide strong support for the use of the Meyer and Allen (1997) three component model of commitment.

Our study consistent with Meyer and Herscovitch (2001) finding that affective commitment is a function of employees' perception of how their work is valued and their task identity. It also confirmed early work by Ogilvie (1986) showing a high correlation between pay level and affective commitment and Rhoades, Eisenberger and Armeli (2001) who found promotion practices and training and development to be determinants of affective commitment.

It is also interesting to note that, promotional opportunities are an important predictor of continuance commitment is consistent with Shouksmith's (1994) finding. In real professional ability development was related to affective commitment but not to continuance or normative commitment suggests that the development of employees' professional abilities may help them identify with the goals and values of the organization, thus building affective commitment. However, employees may see these abilities as transferrable and the organization's willingness to develop them as a normal business activity, which explains the lack of a connection between professional ability development and continuance and normative commitment, respectively.

Meyer and Allen (1997) suggested that HR practices could be used to manage commitment. They concentrated more on recruitment, socialization, assessment, and benefits practices as promising vehicles for building commitment among employees, while they identified promotion and compensation as key factors in securing organizational commitment. Career goal progress is related to all three forms of commitment, thus our study suggests that career growth is a viable subset of practices that should be considered by managers seeking to build a committed workforce. It may be particularly constructive and suitable in that many commitment enhancing strategies have been directed toward newcomers rather than long term employees. Career growth may be a very viable way for managers to maintain or perhaps re-establish organizational commitment after difficult periods in an organization's history (e.g., layoffs, restructuring).

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