



Impact of Locus of Control (LOC) and Organizational Commitment on Employee Performance- Study of Service Sector, Pakistan

Amir Ali Khushk

Lecturer-Management Science, SZABIST University-Hyderabad

Abstract—Area of this research focuses on the impact of internal and external locus of control (LOC) and organizational commitment on employee performance with focus on service industry of Pakistan i.e Careem (transportation network company) and to identify correlation; Pearson correlation was used which highlights the affirmative or favorable correlation between LOC and organizational commitment on employee performance who are employed in Careem Pakistan. To understand the influence of LOC and organizational commitment over employee performance inferential study was conducted in the form of survey. Closed ended questionnaire were filled by the respondents based on Likert scale and Instruction are written in the questionnaire for the respondent to read it and then fill the form with the ease. The respondents of the research belong to managerial position at top level, middle and lower level managers in Careem- a transportation service industry of Pakistan. Total 50 questionnaires were distributed among Careem employees from Hyderabad and 40 questionnaires were correctly attempted and returned that means response rate of survey was 80%. Finding of this research reveals that strength of correlation between Locus of control and employee performance in medium and doesn't show enough evidence, whereas employee organizational commitment and employee performance shows strong correlation and reveal evidence of correlation. Employee who possess internal locus of control, belief that organizational commitment is necessary for employee performance whereas, employees who possess external locus of control belief that organizational commitment does not play major role in employee performance. Therefore, it is major responsibility of the manager to help their employees in understanding and shaping their locus of control because locus of control can be altered with proper training and effective communication.

Keywords—Organizational Commitment, Locus of Control, Social learning, Planned Behavior.

I. INTRODUCTION

Locus of control basically means how strongly people believe that have control on the situation and experience they have in everyday life. This concept was of locus control was introduced by Rotter in 1966. It refers to the set of belief and its consequences in the shape of reward and penalty. For example, if an employee believes that everything that happens

to him/her is because of his/her actions and reactions, employee take credit or claim for that; it means employee has internal LOC whereas, if employee believes that anything happen to him/her is because of others involvement in situation and he/she give credit and claim for the consequences to other people; it means that employee has external LOC. An employee with the internal locus of control if he strongly believes in it so he more satisfied and confident to do his job, as he believes in the quality of his work and it increase his self-esteem which will increase his or her job performance (Joanne Lloyd, Sally Frost, Ignas Kuliesius Claire L. Jones, 2019). Rotter specifically defined that employee with internal locus of control believe in his own capabilities, experience and skills which will ultimately bring him rewards and achievement at the end. Whereas, employee with the external control believes in luck and people power, therefore ultimate rewards and achievement are indicated to them. Previous literature show many research had been conducted in different aspects and in context of LOC such as Locus of control in perspective to job happiness, job stress, job demand and job performance (Martin, R., Thomas, G., Charles, K., Epitropaki, O., & McNamara, R, 2005). Job stress specifically was given good attention in previous literature considering it as psychological factor which affect the job performance at work. Finding of this research indicates the relation between the variables and personality traits of employees.

II. LITERATURE REVIEW

Literature on Locus of control is evident that it various from region to region from people to people. It is studied that outside LOC is more visible in communist culture like Chinese and inner LOC is more eccentric culture (Hamid, P. N, 1994). According to (Adebayo, D.O, 2006) organizations are dealing with the challenges in form of employee dissatisfaction, downsizing and high turnover in the modern era, among many other factors organizational commitment is one of the main factor which leads to employee engaged, favorable working environment, positive job attitude, high morale, supportive team and higher productivity. Organizational commitment is defined as employee involvement and membership in an organization. (Kutanis, R. O., Mesci, M. and Ovdur, Z, 2011). As per research conducted in Nigeria many both favorable and unfavorable view point were taken in to consideration.

Literature forward by some researcher supported the idea that Nigerian workers are not commitment to organization,

however other researcher defended the workers point of view and the supported the literature that workers are commitment to organization goals but organization side is lacking in showing the appreciation to workers for achieving the organizational goals (Alarape, A.I. and Akinlabi F.M, 2000). Moreover, research also highlights that organizational commitment itself is combination of various variable which includes: employee motivation, employee involvement in decision, job autonomy, work life balance, compensation and benefits, opportunity for growth and promotion and relationship with the boss. (Omari, S. O., K'Obonyo P. and Kidombo H, 2012). However, earlier literature had gap because less focused was paid on the factor that can have longer impact such employee in the service industry like Careem would respond differently than the employee working in manufacturing and accounting firm. Therefore, prime purpose of study is to find the connection between LOC and organizational commitment and its impact on employee performance (Chen, J. and Silverthorne, C, 2008).

A. *Social Learning Theory*

Social learning theory basically means employee actions and reaction are predicted based of the event that are paid more attention, as employee retain the same information to reproduce the same action when he/she find face the same situation and ultimately It require the motivation to perform the same action again and again (Rotter, J.B, 1966). This is being very famous theory given by Rotter which highlights the reinforcement and anticipation or expectancy concepts which indicates whether an employee act or reaction because of internal or external locus of control. This theory adds value in to past literature as it highlights and answers the most important question on behavior of people, why employees behave? The way they behave; because through social learning employee experience new and unique behavior when they observe it around them (Judge, T. A. and Robbins, S, 2007)

B. *Observational Learning*

Social learning theory is based on the observational learning, keeping in mind the modeling process of social learning, Rotter identified that people act or react towards general or symbolic information rather than precise information. Observational learning acquired through two systems: verbal and visual. This Social learning model is based on four methods or processes such as: attention, retention, reproduction and motivation. Attention method basically initiate the social learning process but it does not mean employee just learn by observation for that employee has to pay attention. In short when people pay close attention to happening around them start to learning new thing. This method starts by employee interpersonal skills. Study of (Bandura, A., 1965) is evident that attention model of social learning theory is effectively utilized in television models as they are very dynamic in catching the attention of viewer without any return to them. Retention is second method of social learning model; employee would not at able to use his/her attention or observation if he/she does not remember it.

Therefore, it is very important employee to retain the information in mind to respond certain situation in a required way. Reproduction method is responsible for taking required action as per situation. It started with paying attention for examples Bandura bobo doll experiment, in which a kid was locked in room with bobo doll for an experiment; in that room stick, hammer and other tools were placed deliberately and rest of the kids were performing the role of spectator. When experiment started spectator saw the kid inside the room was beating, kicking and playing with bobo. Spectators paid attention to this experiment closed and retained the information related tool which were used to beat the bobo doll. So when kids were allowed to other room with same bobo doll, now it was there turn to beat the bobo doll. This method proves the action method which was followed by attention and retention. Motivation method is the last method of social learning process, because when an employee pay attention to something, retain the information about it and respond the situation or circumstances accordingly then it requires motivation or willingness to perform the same action in future endeavor

C. *Theory of Planned Behavior*

This is theory emerged as a prominent frame work of human behavior (ICEK AJZEN, 2002) as per this theory behavior is directed by three types of attention: 1) Behavioral belief 2) Normative Belief and 3) Control believe. Behavioral belief in simple words is belief about the concerns or consequences; normative belief is about hope or expectation of people; and control belief is about presence of factors that are responsible for hurdle or opportunity to carryout concerned behavior. In short people exhibit certain behavior when an opportunity arises in front of them.

Literature shows that this theory was derived from theory of reasoned actions. Perceived or planned behavioral theory can be evaluated by asking question related to performance of Job as per belief of individual employee. Many factors are identified in the literature which affect the perceived or planned behavior internally or due external aspects; Internal factors include: motivation, ability or aptitude and perceived job role, and external factors that affect the behavior broadly includes situational factors such as; time, place, work environment, budget and team (Armstrong, M, 2006).

D. *Organizational Commitment*

Organizational commitment (OC) is reflected as crucial concept in work aspects to influence the employees' performance in achieving both task performance and contextual performance through which employee ultimately accomplishes the goals set by the organization. In short commitment is basically a set agreement between employer and employee to achieve the certain tasks in particular environment and in given time period, therefore, organizational commitment is nothing but employees' belief and trust on the organization (Chen ZX, Aryee S, 2007). Research indicates that organizational commitment (OC) is divided in to three types such as: Affective commitment (AC),

Continuance commitment (CC) and Normative commitment (NC) (Miller D, Lee J, 2001). Affective commitment is defined as the emotional attachment of an employee with the organization, due to which he/she agrees to do tasks which are assigned to him/her and follow the rules and regulation of organization, because that employee has already agreed to it. Continuance commitment is defined as commitment which employee exhibit because he/she cannot afford to leave the organization that may be because of the rewards and benefits current organization is paying to them or may be because of lack of opportunities in the market. It also shows the continuance investment of employee in themselves in terms of learning, time and resources and if they leave this organization it would be costly to them. Normative commitment means commitment that shows sense of belongingness of an employee with the organization. In short, employee wants to stick with the organization for the longer period of time based on emotional and ethical grounds. (Qaisar MU, Rehman MS, Suffyan M, MARCH 2012)

E. Employee Performance

Employee performance is always linked with timely achievement of tasks in effective and efficient way by using the organization resources to accomplish the goals at a set standard without compromising the quality and quantity. In short performance of employee is termed as behavior of an employee towards assigned work by the employer. However, perceived performance of an employee is basically the belief of an employee about his/her contribution in term of task and contextual performance in the organization.

Literature highlights three features of good performance from an employee they are: first is employee motivation second is imperative knowledge which means knowledge which is applied in performance of tasks and third is descriptive knowledge; it's about skills and abilities of the employee (Hueryeren Y, Dachuan H, 2012). To achieve the organization goals manager must ensure that employees are following the set principles and if there is any discrepancy the in the performance so it's manager's responsibility to fill the performance gap by providing training the employees. Past research shows that when employee happy and satisfied at work it results in higher productivity, organizational commitment and low turnover rate (Negin M, Omid M, Ahmad BM, 2013).

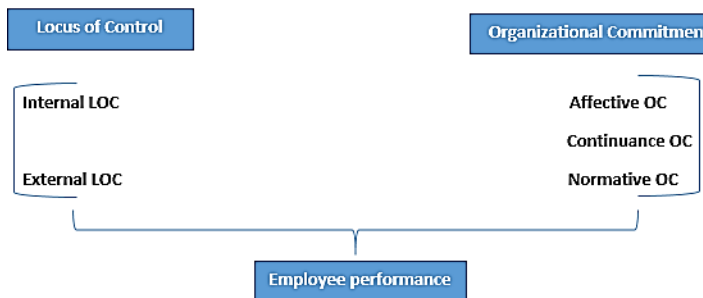


Figure 1. Employer Performance

III. METHODOLOGY

TABLE I. CORRELATION ANALYSIS

| | | Correlations | | |
|---------------------------|---------------------|--------------|--------|--------|
| | | LOC | OC | EP |
| Locus of Control. | Pearson Correlation | 1 | .412** | .279 |
| | Sig. (2-tailed) | | .008 | .081 |
| | N | 40 | 40 | 40 |
| Organizational Commitment | Pearson Correlation | .412* | 1 | .623** |
| | Sig. (2-tailed) | .008 | | .000 |
| | N | 40 | 40 | 40 |
| Employee Performance | Pearson Correlation | .279 | .623** | 1 |
| | Sig. (2-tailed) | .081 | .000 | |
| | N | 40 | 40 | 40 |

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

Forty (40) respondents were taken in consideration for research study about to identify their level of Locus of control, organizational commitment and impact on their performance. From the table we can understand that strength of correlation between locus of control and organizational commitment is medium but strength of correlation between LOC and Employee performance is weak and probability of correlation among LOC, organizational commitment and performance does not show enough evidence. However, above table also reveals the strong strength of correlation between organizational commitment and employee performance and also highlights the evidence of correlation i.e correlation is significant if it's below 0.01 level.

TABLE II. FREQUENCY DATA

| | | | | Gender |
|----------|-----------|---------|---------------|--------------------|
| Table1.2 | Frequency | Percent | Valid Percent | Cumulative Percent |
| | | | | |

| | | | | | |
|----------|--------|----|-------|-------|-------|
| Valid id | Male | 25 | 62.5 | 62.5 | 62.5 |
| | Female | 15 | 37.5 | 37.5 | 100.0 |
| | Total | 40 | 100.0 | 100.0 | |

Percentage and frequency of 40 respondents is discussed below, keeping in mind the demographic information such as gender, age, qualification and department. Based on the gender (table II) the classification of male is higher as compared to female, male respondents in this research are 25 with 62.5% and female respondents are 15 with 37.5%. The sample size of the research was taken randomly without any biasness on gender which highlights the real situation of Careem in Hyderabad.

TABLE III. BASED ON AGE CLASSIFICATION

| Age | | | | | |
|-----------|-------|-----------|---------|---------------|--------------------|
| Table 1.3 | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid id | 20-24 | 2 | 5.0 | 5.0 | 5.0 |
| | 25-29 | 6 | 15.0 | 15.0 | 20.0 |
| | 30-34 | 18 | 45.0 | 45.0 | 65.0 |
| | 35-39 | 11 | 27.5 | 27.5 | 92.5 |
| | 40-44 | 3 | 7.5 | 7.5 | 100.0 |
| | Total | 40 | 100.0 | 100.0 | |

Based on age (table III) classification, the age bracket of 30-34 is higher which contribute to 18 employees who fall in this age bracket with 45%. 11 employees fall the age bracket of 35-39 with 27.5%, then employee who belong to age bracket of 25-29 contribute by 6 with 15% followed by age bracket of 40-44 with 7.5% and 2 from age bracket of 20-24 with 5%.

TABLE IV. BASED ON QUALIFICATION

| Qualification | | | | | |
|---------------|--------------|-----------|---------|---------------|--------------------|
| Table 1.4 | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid id | Matric | 1 | 2.5 | 2.5 | 2.5 |
| | Intermediate | 4 | 10.0 | 10.0 | 12.5 |
| | B.com | 16 | 40.0 | 40.0 | 52.5 |
| | Masters | 18 | 45.0 | 45.0 | 97.5 |
| | Doctorate | 1 | 2.5 | 2.5 | 100.0 |
| | Total | 40 | 100.0 | 100.0 | |

Qualification (table IV) 45% employees in Careem have completed or are in engaged in Master qualification which

consists of 18 employees followed by 16 employees who fell in to the category of bachelors then 4 intermediate with 10% and 1 matric and 1 doctorate with 2.5%. This shows that more employee working at Careem are young, enthusiastic and career orientated. Further this also reveals that Career hunt students are undergraduate or graduate which adds up to their skilled and educated workforce.

TABLE V. BASED ON DEPARTMENT

| Department | | | | | |
|------------|-----------|-----------|---------|---------------|--------------------|
| Table 1.5 | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid id | Marketing | 12 | 30.0 | 30.0 | 30.0 |
| | HR | 8 | 20.0 | 20.0 | 50.0 |
| | Finance | 6 | 15.0 | 15.0 | 65.0 |
| | IT | 4 | 10.0 | 10.0 | 75.0 |
| | Admin | 6 | 15.0 | 15.0 | 90.0 |
| | Other | 4 | 10.0 | 10.0 | 100.0 |
| | Total | 40 | 100.0 | 100.0 | |

Based on department (table V) 30% of the employee Careem belongs to Marketing department which consists of 12 employees followed by human resource department 8 employees with 20% then finance and admin with 15% and IT and other with 10%.

The Cronbach's Alpha of this research study is greater than 0.79 which means results and instruments used in this research are reliable. Because as per the guideline on Cronbach's alpha 0.69 is poor Cronbach's alpha, between 0.70-0.79 is fair Cronbach's alpha, between 0.80-0.89 is good Cronbach's alpha and 0.90-0.99 is excellent Cronbach's alpha.

TABLE VI. DESCRIPTIVE STATISTICS

| LOC, OC and EP | Mean | Std. Devia: |
|---|------|-------------|
| If you know what you want out of a job, you can find a job that pay off. | 4.45 | 0.5523 |
| You believe if you are not happy with a decision of your boss then you should do something about it | 4.40 | 0.5453 |
| For me money make better affluence | 4.40 | 0.5453 |
| If you want to have good job, you need to have someone in high places | 4.47 | 0.5541 |
| Employee who perform good get promotion | 4.40 | 0.5453 |

| | | |
|--|------|--------|
| Employee are satisfied when paid equal pay | 4.45 | 0.5523 |
| Employee are satisfied when paid bonuses and commission along with basic pay | 4.47 | 0.5541 |
| Employee are get satisfaction when paid benefits | 4.37 | 0.5400 |
| Employees are satisfied when given overtime pay and shared profits | 4.37 | 0.5400 |
| Employee when given good salary, benefit and increment he is then satisfied | 4.37 | 0.5400 |
| Pay structure of my company is good | 4.32 | 0.5256 |
| My company provide personal growth opportunities | 4.37 | 0.5400 |
| Performance evaluation in my company is fair | 4.40 | 0.5453 |
| Valid N (list wise) | | |

Results of the descriptive statistics (table VI) reveals that most of the employee disagree on the following aspect of employee performance in perspective of LOC that if you want to have good job you need to have someone in high place (Mean=4.47), then in perspective of organizational commitment that employee are satisfied when paid bonuses, commissions along with the basic pay (Mean=4.47), then in perspective of LOC and OC that if an employee knows what he want out of the job then he will find a job that pay off and employee is satisfied when he/she get equal pay (Mean=4.45), then in perspective of LOC, OC and EP that employee should do something when he/she is not happy with boss decision, money is good affluence, employee gets promotion when they perform well and performance evaluation in my company is fair (Mean=4.40). Moreover, there is low variation in standard deviation of respondents based on the LOC and OC towards employee performance; and highest standard deviation values recorded in 0.028 between two variables.

Conclusion and Recommendation

Employees' personality plays vital role in employees' performance and it does affect the organizational commitment of employee in an organization. This study was conducted keeping in mind the influence of internal and external LOC and organizational commitment on employee performance with special focus of service industry of Pakistan i.e Careem and to identify correlation Pearson correlation was used which highlights the favorable correlation between LOC and OC on

employee performance who are employed in Careem Pakistan. Finding of this research reveals that employee who possess internal locus of control belief that organizational commitment is necessary for employee performance whereas, employees who possess external locus of control belief that organizational commitment doesn't play major role in employee performance. Moreover, research on LOC reveals that inner locus LOC is very important as with this employee take the responsible of all the credits and claims, take risks and motivate him/her to achieve the set goals whereas, employee with external locus of control wait for the external situation to come in his/her favor. It is major responsibility of the manger to help their employees in understanding and shaping their locus of control because locus of control can be altered with proper training and effective communication.

REFERENCES

- [1] Adebayo, D.O. (2006). The moderating effect of self-efficacy on job insecurity and organizational commitment among Nigerian public servants. *Journal of Psychology in Africa*, 6(1), 35-43.
- [2] Alarape, A.I. and Akinlabi F.M. (2000). Influence of perceived organizational support and discretionary treatment on work attitude of industrial workers. *African Journal for the Psychological Study of Social Issues*, 5(1), 23-36.
- [3] Armstrong, M. (2006). *A Handbook of Human Resource Management Practice*. (10th, Ed.) London: Kogan Page Publishing.
- [4] Bandura, A. (1965). Influence of models' reinforcement contingencies on the acquisition of imitative responses. *Journal of Personality and Social Psychology*, 6(1), 589-595.
- [5] Chen ZX, Aryee S. (2007). Delegation and Employee Work Outcomes: An Examination of the Cultural Context of Mediating Processes in China. *Academy of Management Journal*, 50, 226-236.
- [6] Chen, J. and Silverthorne, C. (2008). The Impact of Locus of Control on Job Stress, Job Performance and Job Satisfaction in Taiwan. *Leadership & Organization Development Journal*, 29(7), 572 - 582.
- [7] Hamid, P. N. (1994). Self-monitoring, locus of control, and social encounters of Chinese and New Zealand students. *Journal of Cross-Cultural Psychology*, 25, 353-368.
- [8] Hueryeren Y, Dachuan H. (2012). The Mediating Effect of Organizational Commitment on Leadership Type and Job Performance. *Journal of Human Resources and Adult Learning*, 8, 50-59.
- [9] ICEK AJZEN. (2002). Perceived Behavioral Control, Self-Efficacy, Locus of Control, and the Theory of Planned Behavior. *Journal of Applied Social Psychology*, 665-683. Joanne Lloyd, Sally Frost, Ignas Kuliesius Claire L. Jones. (2019). Locus of control and involvement in videogaming. *SAGE Journals*, 30.
- [10] Judge, T. A. and Robbins, S. (2007). *Organisational Behaviour* (12 ed.). Pearson Prentice Hall.
- [11] Kutanis, R. O., Mesci, M. and Ovdur, Z. (2011). The Effects of Locus of Control on Learning Performance: A Case of an Academic Organization. *Journal of Economic and Social studies*, 1(2), 114-136.
- [12] Martin, R., Thomas, G., Charles, K., Epitropaki, O., & McNamara, R. (2005). The role of leader-member exchanges in mediating the relationship between locus of control and work reactions. *Journal of Occupation and Organizational Psychology*, 78(1), 141-147.
- [13] Miller D, Lee J. (2001). The People Make the Process: Commitment to Employees, Decision-Making and Performance. *Journal of Management*, 27, 163-189.
- [14] Negin M, Omid M, Ahmad BM. (2013). The Impact of Organizational Commitment on Employees job performance. A study of Meli Bank. *International Journal of Contemporary Research in Business*, 5, 164-171.

- [15] Omari, S. O., K'Obonyo P. and Kidombo H. (2012). "Human Resource Practices, the Relationship between Locus of Control and Employee Outcomes". *DBA Africa Management Review*, 3(1), 90-99.
- [16] Qaisar MU, Rehman MS, Suffyan M. (MARCH 2012). Exploring Effects of Organizational Commitment on Employee Performance Implications for Human Resource Strategy.
- [17] Rotter, J.B. (1966). Generalized Expectancies for Internal Versus External Control of Reinforcement". *Psychological monographs: General and applied*, 80(1).