

# **The Drivers of Employee Commitment**

*Tools for creating a competitive workplace*

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## Introduction

Just how important are your people to the success of your enterprise? What would it mean if each employee were more engaged in helping to achieve business results? For example, what would the impact be on your business if:

- your call-center operator made an extra effort to satisfy your customer?
- you kept that creative twenty-something engineer from going to a start-up competitor?
- your plant employees took more ownership in fixing production problems and reducing cycle time?

*That's the difference people can make in an organization. And that's the importance of employee commitment.*

How does an organization create the kind of workplace where employees want to go the extra mile? What is the level of commitment now among your employees? What does it take to ignite a new level of commitment in your work force? If your people were more engaged, what would it look like in terms of performance, customer satisfaction, profitability, and shareholder value?

There is increasing consensus that people *do* matter to businesses—that they can provide a critical competitive advantage. What has been missing is a good road map: a reliable way to locate where you are on the scale of employee commitment and real help with getting to where you want to be.

WFD has developed that road map. It consists of two breakthrough tools. The first is a simple numerical measure of employee commitment—the Commitment Index—based on validated survey questions. The second pinpoints what actually drives and can raise commitment in a particular work force. Used together, these two tools can help you reach your goal of a committed work force—and a true competitive edge.

The Commitment Index provides an easily administered way of taking the commitment pulse of an organization at a point in time—and of tracking it over time to gauge the effect of changing conditions or strategic interventions. It is applicable in virtually any workplace and at all levels within an organization. And it has been rigorously validated as a predictor of behaviors associated with commitment—such as performance, retention, and discretionary effort.

The Commitment Index not only tells us where we are, it is also a reliable statistic that can be compared to known business outcomes or indicators. For example, employee commitment has been found to predict customer satisfaction and loyalty, so one use of the Index might be to compare its measures over time to measures of customer satisfaction or sales. Using the Commitment Index, the links between workplace changes, employee attitudes, customer attitudes, and business outcomes can be established and rigorously studied.

What makes the Commitment Index useful as a strategic tool, however, is its pairing with the more detailed Commitment Drivers scales—WFD's second new tool. This instrument looks at key organizational and job characteristics that are within the control of managers and policymakers to assess how they affect the level of employee commitment at a company. By measuring these drivers—which include factors like the effectiveness of managers, the degree and quality of two-way communication, the sense of being supported around work-life issues, and advancement opportunities—an organization can identify strengths and weaknesses for strategic interventions.

The Commitment Drivers scales can be examined separately and in detail. And like the measures of the Commitment Index, they can be tracked over time as a way to analyze the effect of changes in the business and the effectiveness of human resource interventions. The point, after all, is to understand how we can create a better, more productive work environment—one that benefits employees, customers, and shareholders.

By making visible and measurable what has until now been invisible and intuitive—the links between the work environment, employee commitment, and business outcomes—these new tools give companies the opportunity to reshape their workplaces and the ways employees are managed and work together. Organizations can now have confidence,

through these measures, that steps taken to build employee commitment are effective and are driving desirable business outcomes.

## Framework: the Commitment Pyramid

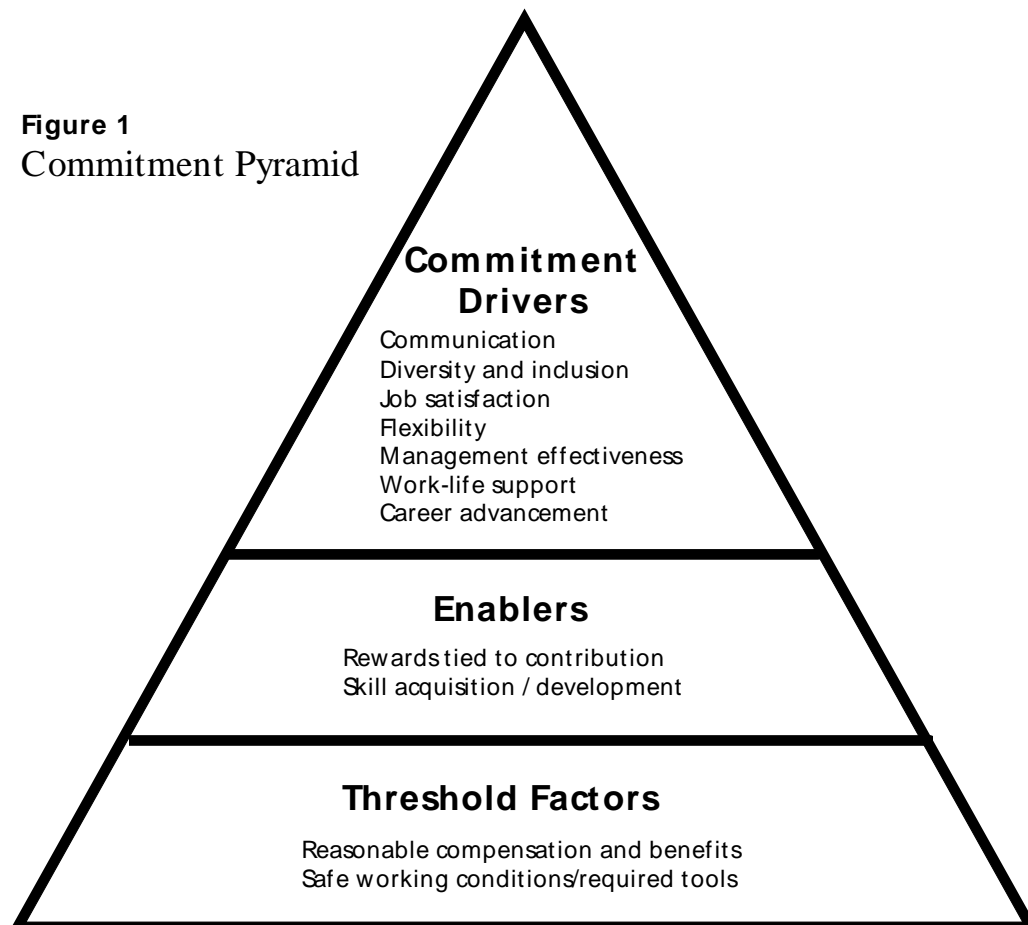
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WFD's work in developing the Commitment Index and the Commitment Drivers scales is contained in a model that we call the Commitment Pyramid. This pyramid shows the hierarchy of factors that are the building blocks of employee commitment within an organization. The bottom of the pyramid is made up of the **threshold factors**: factors that have to be in place in order for an organization just to be at the table as an effective competitor for the best human resources. The second level contains the **enablers**: the ingredients that begin to set a business apart from the competition and that enable employees to align their activities toward the organization's objectives.

Although these building blocks are essential to creating an effective workplace, the real competitive payoff for employees and the business is at the top of the pyramid—in the

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**Figure 1**  
Commitment Pyramid



**commitment drivers.** These are the factors that encourage the full engagement of employees in the business of the enterprise. It is crucial that an organization address these factors if it is to derive a real competitive advantage from its work force by attracting and keeping the best employees, and by drawing out their full potential.

Ironically, most companies focus human resource efforts on the base of the pyramid. WFD has put tremendous effort over the past several years into understanding the factors at the top of the pyramid, testing our hypothesis with actual data, and creating the tools that companies can use to transform their organizations.



## ***Prior research: the links between employee commitment and business outcomes***

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A number of organization-level studies have accumulated evidence of the links between strategic work-force practices, different measures of employee commitment, and business outcomes such as customer satisfaction, increased revenues and profits, and improvements in shareholder value. Some of the more important findings include the following:

- **Employee commitment is associated with job performance.** Employees who are committed to an organization work harder and are more productive in their jobs than employees with weak commitment, as measured by sales figures (Bashaw and Grant, 1994), control of operational costs (DeCotiis and Summers, 1987), and supervisors' ratings of overall work performance (Moorman, Niehoff, and Organ, 1993).
- **Employee loyalty is related to customer loyalty, which in turn is related to company growth and profits** (Heskett, Sasser, and Schlesinger, 1997).
- **Employee attitudes drive both customer satisfaction and revenue.** Using causal modeling methods, Sears found that every 5 percent improvement in employee attitudes drives a 1.3 percent improvement in customer satisfaction and a .5 percent growth in store revenue (Rucci, Kirn, and Quinn, 1998). Xerox uses a management and measurement system based on Kaplan's balanced scorecard model that enables the company to track relationships between employee attitudes and behaviors, customer satisfaction, and profitability. The company has documented a tight link between employee satisfaction measures and customer results (Barr, 1998).
- **Employee retention is a key driver of customer retention, which in turn is a key driver of company growth and profits.** Research at MBNA's credit card business showed that a 5 percent increase in customer retention translates into a 125 percent increase in per-customer profits (Reichheld, 1996). Another study showed that a 7 percent decrease in employee turnover led to increases of more than \$27,000 in sales per employee and almost \$4,000 in profits per employee (Huselid and Becker, 1995).

Studies like these have made a strong case for the link between employee attitudes and business results. We set out to make this knowledge useful to businesses by creating an easily administered measure of employee attitudes and commitment and a practical way to identify the workplace factors that most strongly affect employee commitment and business results.

## A validated measure of employee commitment

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WFD's Commitment Index captures the degree to which an employee is engaged in the organization—wanting to make the organization successful, and willing to go the extra mile on its behalf. Until recently, the two scales most commonly used to measure employee commitment have been:

1. the Organizational Commitment Questionnaire (OCQ), a 15-item instrument developed by Mowday, Steers, and Porter to measure *affective* or attitudinal commitment to an organization (the degree to which employees are likely to give their discretionary effort and creativity to an organization) and
2. the Affective, Continuance, and Normative Commitment Scales, developed by Meyer and Allen to measure *normative* commitment (attachment as a result of shared values) and *continuance* commitment (attachment based on perceived costs of leaving) as well as *affective* commitment.

Both scales have been tested in a range of situations where they have effectively predicted performance, retention, and a variety of other organizational outcomes.

The WFD scale has been validated against both the OCQ and Meyer and Allen scales, so that the results of outcome studies using those scales can, with confidence, be applied to results of studies using the WFD scale. Unlike the OCQ and Meyer and Allen scales, which were developed for academic research, WFD's commitment instrument has been developed for use in businesses. (Its questions are clear and easy for employees to understand.)

It was designed for and has been tested on over 50,000 employees using a sampling methodology representing commitment in a total work force population of 250,000 in a wide range of work environments—from manufacturing plants and service businesses to high-tech development laboratories and sales offices. The results demonstrate the applicability of the measure in any work environment: employee commitment can be measured and compared between organizations and between divisions or departments within an organization.

WFD followed a rigorous development process in creating and refining the Commitment Index. It included:

- field testing to determine the feasibility of administration and the universality of item meanings in a range of work settings
- expert review to establish the face validity and adequacy of the content covered, and
- standard measures and tests to establish the instrument's psychometric properties.<sup>1</sup>

Additional evidence for the validity and usefulness of the Commitment Index derives from how well it relates to other workplace and employee measures. For example, the Commitment Index has strong negative correlations with turnover intention and positive correlations with predicted tenure. As commitment increases, the intention to leave the company decreases. The Commitment Index demonstrates strong positive correlation with a wide range of organizational factors, or commitment drivers. Taken together, these data provide excellent evidence for the psychometric properties of the Index. Evidence for reliability and internal consistency is high, and evidence for numerous types of validity is also strong.

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<sup>1</sup>Correlational tests yielded a high level of concurrent validity between the WFD Commitment Index and the two most widely used scales to measure Organizational Commitment which have well established psychometric properties: the Organizational Commitment Questionnaire (Mowday *et al.*, 1985) and the Affective Commitment Scale developed by Meyer and Allen (1997).

## The drivers of employee commitment

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A tool to measure employee commitment is like the test strip on the side of a battery. It can measure the degree of charge, but it can't tell you what to do if you want more power. The most significant outcome of our research has been a better understanding of how commitment is actually ignited and sustained at the workplace. Our work and research with employees has led to the development of a tool to measure the *drivers* of employee commitment—that is, those factors that are within the control of the organization that create the conditions of high commitment.

WFD's Commitment Drivers scales underwent a rigorous development process similar to that used for the Commitment Index, including field-testing on numerous samples with varied worker and organizational characteristics, expert review, and a series of psychometric tests and analyses. Each of the organizational drivers, and an index of employee stress and burnout are measured by scales with strong internal consistency, reliability, and validity.<sup>2</sup>

The importance of these workplace drivers is clear. Once they are recognized and measured, corporate managers and executives can use them to help change the work environment in ways that directly build employee commitment.

We have identified the following drivers of employee commitment:

- **Communication**—the degree to which employees express themselves openly on job-related matters, perceive that their ideas and concerns are heard by their managers and supervisors, have the information to do their jobs, and understand how their work connects with the company mission.
- **Diversity and inclusion**—the degree to which employees sense that people "like themselves" are valued at the company and included in work decision-making processes, agree that company policies and practices foster diversity, and that management believes that diversity is vital to company success.

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<sup>2</sup> Two subscales, Work-life Support and the Stress and Burnout Index, were compared against existing instruments with known psychometric properties, The Perceived Organizational Support Scale (Eisenberger, Huntington, Hutchison, and Sowa, 1986) and the Role Overload Subscale of the Stress Diagnostic Scale (Ivancevich and Matteson, 1980). Correlations measuring the concurrent validity of the WFD subscales and existing scales were excellent.

- **Job satisfaction**—the degree to which employees are satisfied with their opportunity to do challenging work, the tools and training they receive, their compensation, and the company’s reputation and performance.
- **Flexibility**—the degree to which employees have control over when, where, and how they perform their work.
- **Management effectiveness**—the degree to which employees sense that their immediate manager or supervisor recognizes and rewards them for good work, is clear about expectations, encourages teamwork, removes obstacles to good work, and engages in open two-way communication.
- **Work-life support**—the degree to which employees feel supported by top management, their immediate manager or supervisor, co-workers, and company policies as they strive to balance work with family or personal responsibilities.
- **Career advancement**—the degree to which employees believe they have good opportunities to learn, grow, and advance in their careers based on job performance, and that they understand what is required to advance in the company.

WFD’s research has consistently found these seven workplace drivers to be correlated with employee commitment (although in any single company or work environment particular drivers may emerge as more or less important).<sup>3</sup>

Each driver is made up of several dimensions that constitute a statistically reliable measure. That is, it is possible to determine the degree to which the various drivers contribute to the level of commitment in an organization and how well a particular driver is being achieved based on the overall score. The effectiveness of managers, for example, is a significant commitment driver. If the measure of management effectiveness is highly correlated with commitment, but the score for management effectiveness is relatively low, this highlights an opportunity to target that driver as part of a future human resource strategy.

WFD’s measurement tool can provide a significant level of detail, as well. The management-effectiveness driver, for instance, can be examined at many levels. What dimensions of management effectiveness are most important at a particular company or

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<sup>3</sup> In general, few studies have examined the relationship between compensation, benefits, and employee commitment, though some evidence exists for a link between the introduction of certain types of benefits and commitment. Demographic factors, such as age, gender, and ethnicity, have little or no relationship to commitment.

work site? Is it communication skills? Openness to employee ideas? The way feedback is offered? The way performance is managed? It is this level of detail that can suggest relevant interventions within an organization. With an understanding of the key drivers of employee commitment, a company can focus on those interventions likely to have the greatest impact on company performance.<sup>4</sup>

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<sup>4</sup> How much do personal, job-related, and workplace factors predict levels of employee commitment? Our research shows strong links between workplace factors and employee commitment. Using a hierarchical multiple regression model, demographic characteristics (gender, educational attainment, professional status, ethnicity, marital status, child status, household income, and age) were entered first into the model. Job-related factors were entered next (whether the individual was a manager, whether they worked full- or part-time, job tenure, size of the company). Finally, workplace drivers were entered, including: communication, diversity and inclusion, job satisfaction, flexibility, management effectiveness, work-life support, and advancement opportunities. Results indicated that demographic characteristics accounted for about 18% of the variance in employee commitment; job-related factors added only 4% to the variance explained. Workplace factors added significantly to the prediction of employee commitment, adding about 42% of the variance. Altogether, these factors were able to account for about 64% of the adjusted R square of employee commitment.

## Summary

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We know that people are critical to business success because we know, through research, that employee commitment drives business results. With these new tools, WFD's Commitment Index and the Commitment Drivers scales, companies now have access to the information they need to influence employee commitment and to use people more effectively to improve business performance.

Organizations have already begun this work, and they are already seeing results. Sears, Xerox, Mobil, and other companies now use measures of employee commitment to design and track the effects of strategic workplace interventions on employee commitment and on business results. We are excited at the prospect of the work ahead as we continue to refine these measurement tools and help businesses design changes in the workplace that will have the biggest impact on employee commitment and, ultimately, on their business success.

## Appendix A

# Research on employee commitment and business outcomes

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Heskett, Sasser, and Schlesinger (1997) established relationships between employee satisfaction and customer satisfaction, between employee loyalty and customer loyalty, and between customer satisfaction and loyalty and company growth and profits. Their model, the Service Profit Chain, is supported by results of research at a number of companies in the United States and Europe. At Taco Bell, for example, exit interviews with 800,000 customers annually have demonstrated a clear relationship between customer satisfaction and sales at individual restaurants. Examination of Taco Bell's turnover records showed that restaurants with higher employee retention rates also had higher sales and profits: the 20 percent of stores with the lowest turnover rates experienced sales twice as high as and profits 55 percent higher than the 20 percent of stores with the highest turnover rates.

Rucci, Kirn, and Quinn (1998), using a similar model at Sears, measured the effect of employee attitudes on both customer satisfaction and store revenues. Using causal research, they demonstrated not simply relationships between the items measured, but causes and effects. They found that a 5 percent improvement in employee attitudes drives a 1.3 percent improvement in customer satisfaction and a .5 percent growth in store revenue. Sears now measures employee attitudes as part of its normal business practices and includes strategic human resource practices as a key element in the company's growth strategy.

Reichheld (1996) looked at the relationship between employee retention, customer retention, and company growth and profits. He found that even a modest increase in customer retention rates can have a dramatic effect on company profits. Research at MBNA's credit card business, for example, showed that a 5 percent increase in customer retention translates into a 125 percent increase in per-customer profits. And a key driver of customer retention is employee retention. State Farm Insurance, with agent tenure more than twice the industry average, also has among the lowest customer defection rates and the highest retained earnings.

Huselid (1995) and Huselid and Becker (1996) demonstrated a link between high-performance work practices—including communication, skill training, performance management, hiring for job fit, and organizational structures that encourage employee



participation—and corporate financial performance as measured by sales, profits, and market value. One standard deviation increase in the work practices measure was associated with a 7 percent decrease in employee turnover and increases of more than \$27,000 in sales per employee and almost \$4,000 in profits per employee.

The University of Chicago study of Fel-Pro Incorporated (1993) found that employee use of such work-life benefits as on-site child care was correlated with employee involvement in change efforts, as measured by the frequency with which employees helped co-workers and supervisors, volunteered for work assignments, demonstrated initiative, and participated in quality circles. High users of work-family benefits were found to submit, on average, twice as many suggestions for business improvement as did workers who were low users of these benefits.

## Appendix B

# Validation of the WFD Commitment Index and Commitment Drivers scales

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The WFD Commitment Index and the Commitment Drivers and Stress and Burnout scales have been tested on numerous samples with varied worker and organizational characteristics in order to ensure that they are appropriate to use across varied work environments. Field testing has provided information on the feasibility of administering the instruments across organizational contexts as well as the “universality” of meaning of the items.

The WFD scales have been further validated on a sample of 232 individuals varied in terms of age, marital status, gender, ethnicity, professional status, and educational attainment. Each major construct measured in the scales was assessed for internal consistency and split half reliability. Table 1 displays the Cronbach’s alpha coefficients which ranged from .75 to .91. Alpha coefficients of above .70 are generally regarded as

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**Table 1**  
WFD Commitment Index and Workplace Drivers:  
Internal consistency results

<b>Measure</b>	<b>Cronbach’s alpha coefficient</b>
Commitment Index	.90
Workplace Drivers scales	
Career advancement	.84
Communication	.88
Diversity and inclusion	.75
Flexibility	.79
Job satisfaction	.82
Management effectiveness	.91
Work-life support	.89
Stress and Burnout scale	.86

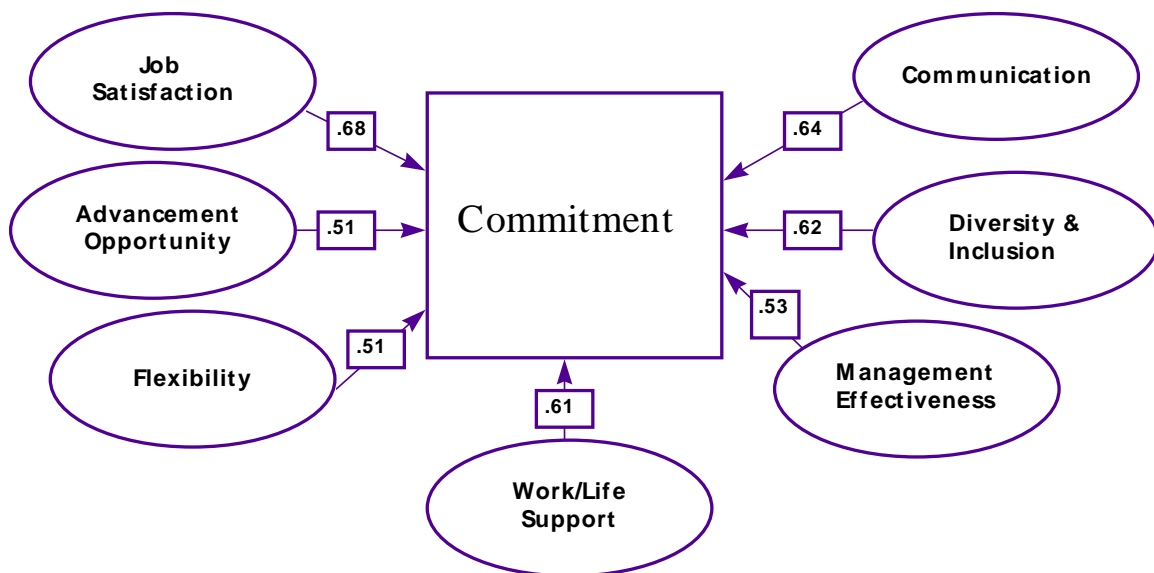
acceptable levels of internal consistency, coefficients of .80 indicate very good consistency, and coefficients above .90 indicate excellent internal consistency.

Three of the WFD scales have been validated against research instruments with well-established psychometric properties. The WFD Commitment Index has been validated against the two most widely used scales to measure Organizational Commitment; the Organizational Commitment Questionnaire (Mowday *et al.*, 1979) and the Affective Commitment subscale of the Affective, Continuance and Normative Commitment Scales developed by Meyer and Allen (1997). The Perceived Organizational Support Scale (Eisenberger, Huntington, Hutchison, and Sowa, 1986) was used to examine concurrent validity of the WFD Work-Life Support subscale. The Role Overload subscale of the Stress Diagnostic Scale (Ivancevich and Matteson, 1980) was used to examine the WFD Stress and Burnout scale. Correlations measuring the concurrent validity of the WFD Commitment Index, the Work-Life Support subscale and Stress and Burnout scale were excellent, ranging from .64 to .84.

The WFD Commitment Index was examined for convergent validity—its relationship to several other subscales. We found significant and strong positive correlations ranging from .51 to .68 with each of the seven workplace drivers.

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**Figure 2**  
Workplace drivers of commitment

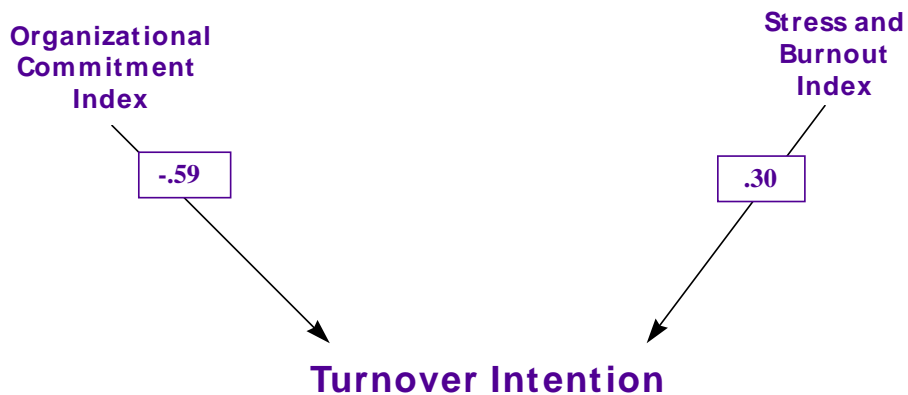


Note: All correlations computed using Person Correlations Coefficients statistics. All correlations are highly significant ( $p < .001$ ).

The extent to which the WFD Commitment Index is related to turnover intention provides evidence for the criterion validity of the instrument. As hypothesized, turnover intention and predicted tenure were strongly correlated with commitment ( $-.59$  and  $.55$  respectively) suggesting that as commitment increases, the intention to leave the company decreases. Employee Stress and Burnout is also strongly correlated with turnover intention ( $.30$ ) and adds substantially to the prediction of turnover. In combination, Commitment and Stress and Burnout account for over 44% of an employee's intention to leave the company.

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**Figure 3**  
Correlates of turnover intention



**Note:** When both indices entered into a regression equation, 44% of variance in turnover intention was explained

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