



UNIVERSITI PUTRA MALAYSIA

**DETERMINANTS OF COMMITMENT TO CHANGE AMONG MANAGERS
AND THE MEDIATING ROLE OF TRUST IN MANAGEMENT
IN A SERVICE PROVIDER ORGANIZATION**

RUZIAH GHAZALI

FPP 2007 14



**DETERMINANTS OF COMMITMENT TO CHANGE AMONG MANAGERS
AND THE MEDIATING ROLE OF TRUST IN MANAGEMENT
IN A SERVICE PROVIDER ORGANIZATION**

By

RUZIAH GHAZALI

**Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia,
in Fulfilment of the Requirements for the Degree of Doctor Philosophy**

February 2007



DEDICATION

This study is dedicated to my mother,

Hajjah Rokiah Binti Abdul Rani.

This is but a small contribution and dedication to the one I love,

who has made many sacrifices,

who has faced many hardships, and

who has undergone many challenges.

This is just a small token of my love & affection

and undying gratitude & appreciation for all you have done for me.

Thank you and May God bless you always.



Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Doctor of Philosophy

**DETERMINANTS OF COMMITMENT TO CHANGE AMONG MANAGERS
AND THE MEDIATING ROLE OF TRUST IN MANAGEMENT
IN A SERVICE PROVIDER ORGANIZATION**

By

RUZIAH GHAZALI

February 2007

Chairman : Professor Aminah Ahmad, PhD

Faculty : Educational Studies

This study examines 1) the direct effects of job-related, organization and managerial practice variables on trust in management; 2) the direct effects of organizational and managerial practice variables on commitment to change; 3) the indirect effects of these three variables on commitment to change through trust in management. The job-related variables consist of feedback, job autonomy, employee participation and goal clarity. The organizational variables studied include procedural justice, perceived organizational support, transformational leadership, and shared values. The managerial practice variables consist of opportunistic behavior and communication. Data were gathered from 294 managers in a service provider organization in Malaysia using self-administered questionnaires. The study used structural equation modeling (SEM) analysis to determine the direct and indirect effects of determinant variables on trust in management and commitment to change. The results of structural equation modeling analysis indicated the need for a revised version of the model. It was found that job related variables had direct



effects on trust in management and commitment to change. However, organizational and managerial practice variables had no significant direct effects on trust in management and commitment to change. The effects of determinant variables on commitment to change were not mediated by trust in management.

In conclusion, this study found that the determinants of trust in management and commitment to change strongly related to the way job-related variables among the managers in Organization X were managed. Hence, it is highly pertinent for the management team to pay close attention to feedback, job autonomy, employee participation, and goal clarity in order to gain greater trust and commitment to change in the organization. The management in Organization X has to ensure that people affected by the change agree with, or at least understand, the need for change, and have a chance to decide how the change will be managed, and to be involved in the planning and implementation of the change. Theoretically, this study contributes to the expansion of the commitment and trust model. The dynamic relationships among the variables involved in the organizational change commitment model might result in other probable competing or rival models that could be studied in the future.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

**FAKTOR-FAKTOR KOMITMEN TERHADAP PERUBAHAN DI KALANGAN
PENGURUS DAN PERANAN KEPERCAYAAN TERHADAP PENGURUSAN
SEBAGAI PENGANTARANYA DALAM ORGANISASI YANG MENYEDIAKAN
PERKHIDMATAN**

By

RUZIAH GHAZALI

Februari 2007

Pengerusi : Profesor Aminah Ahmad, PhD

Fakulti : Pengajian Pendidikan

Kajian ini menentukan 1) kesan langsung pembolehubah-pembolehubah kerja, organisasi dan amalan pengurusan ke atas keyakinan terhadap pengurusan; 2) kesan pembolehubah organisasi dan pembolehubah amalan pengurusan ke atas komitmen terhadap perubahan; 3) kesan tidak langsung bagi ketiga-tiga pembolehubah tersebut ke atas komitmen terhadap perubahan melalui keyakinan terhadap pengurusan. Pembolehubah kerja ialah maklumbalas, autonomi kerja, penyertaan pekerja dan matlamat yang jelas. Pembolehubah organisasi pula ialah keadilan prosedur, sokongan organisasi, kepimpinan transformasional dan nilai-nilai bersama. Pembolehubah amalan pengurusan ialah tingkahlaku *opportunistic* dan komunikasi. Data telah dikumpul daripada 294 pengurus-pengurus dari organisasi utiliti swasta yang terpilih di Malaysia dengan menggunakan borang soal-selidik yang diisi sendiri oleh responden. Kajian ini menganalisis dengan menggunakan Structural equation modeling (SEM). Penemuan dari analisa data menunjukkan keperluan untuk membuat pengubahsuaian model hipotesis. Penemuan dari

analisis ini juga menunjukkan bahawa pembolehubah-pembolehubah yang berkaitan kerja mempunyai kesan langsung kepada keyakinan terhadap pengurusan dan komitmen terhadap perubahan. Manakala pembolehubah-pembolehubah organisasi dan amalan pengurusan tidak mempunyai kesan langsung kepada keyakinan terhadap pengurusan dan komitmen terhadap perubahan. Hubungan antara pembolehubah-pembolehubah yang berkaitan kerja, organisasi dan amalan pengurusan dengan komitmen terhadap perubahan tidak bergantung kepada keyakinan terhadap pengurusan.

Sebagai kesimpulan, kajian ini mendapati faktor-faktor kepercayaan pengurusan dan komitmen terhadap perubahan amat berkait dengan cara pembolehubah-pembolehubah kerja di kalangan pengurus diuruskan dalam Organisasi X.. Oleh itu, adalah sangat penting untuk kumpulan pengurusan memberi perhatian yang terperinci kepada maklumbalas, autonomi kerja, penglibatan pekerja dan matlamat yang jelas bagi mendapatkan lebih besar keyakinan dan komitmen terhadap perubahan dalam organisasi. Pengurusan Organisasi X hendaklah memastikan individu yang terlibat dengan perubahan bersetuju atau sekurang-kurangnya memahami keperluan perubahan, mempunyai peluang membuat keputusan bagaimana perubahan diuruskan, terlibat dalam perancangan dan pelaksanaan perubahan. Dari segi teorinya, kajian ini memberi sumbangan kepada perkembangan model komitmen dan kepercayaan. Perkaitan yang dinamik antara pembolehubah-pembolehubah dalam model komitmen terhadap perubahan organisasi mungkin boleh dihasilkan dalam model-model '*competing*' atau '*rival*' yang boleh dikaji pada masa akan datang.

ACKNOWLEDGEMENTS

In The Name of Allah, Most Merciful, Most Beneficent

Foremost alhamdulillah, my syukur and thanks to Allah Subhanahu wa Ta'ala for giving me the guidance, strength and health to undertake the task of studying for my education to doctorate level. I ask Allah for His barakah and redha that all my studies would be beneficial for not only my family and I but would be utilized for the betterment of mankind. Salam and salawat to Rasulullah s.a.w., his family and the upholders of Islam.

I would like to extend my gratitude to those who have directly or indirectly contributed to the completion of my thesis. The completion of this thesis would not have materialized without the assistance, guidance, support, contributions, and encouragement of all these people.

My deep gratitude to my Chief Supervisor, Professor. Dr. Aminah Ahmad, whose support, encouragement, and advise have been inspirational and motivational for me to complete this thesis. I also extend my gratitude to my supervisors Associate Professor Dr. Jegak Uli and Professor Dr. Turiman Suandi, as well as all the lecturers who have always been there for me to seek guidance, assistance and encouragement.

My same appreciation goes to Professor Dr. Rahim Md Sail and Professor Dr. Saidin Teh for their comments and feedback during the comprehensive examination and to Associate



Professor Dr. Bahaman bin Abu Samah and Puan Nur Rizza Suradi for their guidance and assistance in teaching me statistics. A note of thanks, especially to the academic staff of UPM who have taught me during my graduate studies and equally important the supporting staff who have been very cooperative.

My deep appreciation to my friend, Dr. Siti Aishah bt Hassan who has been patiently assisting me in editing and guiding me in enhancing my statistics knowledge and all my friends and classmates who have motivated and supported me during my studies.

My sincere appreciation to my dear friend, Senior Manager of the Human Resource Department in Organization X and all the managers for their cooperation.

Last but not least, my sincere thanks and gratitude to my mother Hajjah Rokiah bt. Abdul Rani whose support, encouragement, understanding, love, and words of motivation have made me steadfast in my resolve to undergo all the hardships and challenges since I was small to achieve the pinnacle of education at this moment. I will always love you mom. My sincere thanks and appreciation to my office staff who have made every maximum effort, their sacrifices, support, and patience in taking care of business and the office during my graduate studies.



This thesis submitted to the Senate of Universiti Putra Malaysia and has been accepted as fulfilment of the requirement for the degree of Doctor of Philosophy. The members of the Supervisory Committee are as follows:

Aminah bt Ahmad, PhD
Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Chairman)

Turiman b Suandi, PhD
Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Member)

Jegak Uli, PhD
Associate Professor
Faculty of Educational Studies
Universiti Putra Malaysia
(Member)

AINI IDERIS, PhD
Professor/Dean
School of Graduate Studies
Universiti Putra Malaysia

Date: 10 MAY 2007



DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Putra Malaysia or other institutions.

RUZIAH GHAZALI

Date: 27 MARCH 2007



TABLE OF CONTENTS

DEDICATION	ii
ABSTRACT	iii
ABSTRAK	v
ACKNOWLEDGMENTS	vii
APPROVAL	ix
DECLARATION	xi
LIST OF TABLES	xiv
LIST OF FIGURES	xv
LIST OF ABBREVIATIONS	xvi
CHAPTER	
I INTRODUCTION	18
II LITERATURE REVIEW	34
Endogenous Variables	35
Exogenous Variables	44
Trust in Management as a mediator to commitment to change	65
The Morgan and Hunt's commitment and trust relationship model	69
Factors (antecedents) Influencing Trust and Commitment	71
The effects of Job Related Variables and Trust in Management	72
The effects of Organizational Variables and Trust in Management	77
The effects of Managerial Practices Variables on Trust in Management	84
The effects of Organizational Variables on Commitment to Change	89
The effects of Managerial Practices on Commitment to Change	94
The effects of Trusts in Management on Commitment to Change	98
Chapter Summary	101



III	METHODOLOGY	104
	Research Framework	104
	Research Design	107
	Population and Sample	108
	Measurement and Instrumentation	112
	Pilot Study	117
	Principal Component Analysis: Dimensionality of the Instruments	118
	Pre-Test and Post-Test Reliability of the Instruments	130
	Data Gathering	132
	Data Analysis	134
	Exploratory Data Analysis	141
	Chapter Summary	145
IV	FINDINGS AND DISCUSSION	146
	Respondents' Profile	146
	Objective 1: Assessing Organizational Commitment to Change (OCC) Model	149
	Objective 2: Identifying significant determinant variables of Trust in Management (TM)	163
	Objectives 3: Direct Effect of Determinants Variables on Commitment to Change	169
	Objective 4: Mediating Effect of Trust in Management	175
	Objective 5: Total Effects on Commitment to Change	182
	Chapter Summary	184
V.	CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS	186
	REFERENCES	207
	APPENDICES	230
	BIODATA OF THE AUTHOR	261



LIST OF TABLES

Table	Page
1. Total Population	108
2. Source of the Instruments	115
3. Alpha Coefficient of Reliability in the Pre-test and Post Test Analysis	131
4. Descriptive Statistics for Normality	143
5. Correlations Between the Constructs	144
6. Distribution of Respondents by Gender, Status, Age and Educational Qualification	147
7. Distribution of Respondents by Job Tenure, Working Hours, Monthly Income and Position Classification	148
8. (a) Summary of the hypothesized OCC models	153
(b) Summary of the revised OCC models	153
9. (a) Summary of GFI, NFI, IFI and RMSEA Fit Measures the Hypothesized OCC model	155
(b) Summary of GFI, NFI, IFI and RMSEA Fit Measures the Revised OCC Model	155
10. Unstandardized Regression Weights for the Paths in the Revised Organizational Changed Commitment Model	160
11. Standardized Regression Weights for the Paths in the Revised Organizational Change Commitment Model	161
12. Direct, Indirect and Total Effect of Job Related Variables	177
13. Direct, Indirect and Total Effect of Organizational Variables	178
14. Direct, Indirect and Total Effect of Managerial Practice Variables	179



LIST OF FIGURES

Figure		Page
1.	Path Diagram (Baron & Kenny, 1986)	66
2.	Model of Commitment and Trust	70
3.	Research Framework	105
4.	The Hypothesized Organizational Change Model	151
5.	Quasi-confirmatory model-building approach	158
6.	The Revised Organizational Change Commitment Model	162
7.	Direct and Indirect path of job-related variables on commitment to change	177
8.	Direct and Indirect path of organizational variables on commitment to change	178
9.	Direct and Indirect path of managerial practice variables on commitment to change	180

LIST OF ABBREVIATIONS

OPP	Outline Perspective Plan
NVP	National Vision Policy
HR	Human Resource
CC	Commitment to change
TM	Trust in Management
FB	Feedback
JA	Job Autonomy
EP	Employee Participation
GC	Goal Clarity
PJ	Procedural Justice
POS	Perceived Organizational Support
TL	Transformational Leadership
SV	Shared Values
OB	Opportunistic Behaviour
CO	Organizational Variables
JRV	Job Related Variables
OV	Organizational Variables
MPV	Managerial Practice Variables
OCCT	Organizational Change Commitment Theory
QCC	Quality Control Circle



TFI	Total Factor Index
CFA	Confirmatory Factor Analysis
PCA	Principal Component Analysis
SEM	Structural Equation Modelling
EDA	Exploratory Data Analysis
AMOS	Analysis of Moment Structure
CFI	Comparative Fit Index
GFI	Goodness of Fit
NFI	Normed Fit Index
RFI	Root Fit Index
AGFI	Adjusted Goodness of Fit Index
IFI	Incremental Goodness of Fit Index
FLI	Tucker-Lewis Index
RMSEA	Root Mean square Error Approximation



CHAPTER I

INTRODUCTION

Background of the Study

The new millennium has brought about great new challenges and opportunities to mankind. With the onset of globalization, new technological advancements, and an increasing need for world communities to unite and act as one citizen, there is a greater need for governments, corporations, and organizations to be more efficient while maintaining greater value added outputs. Adjusting to changing environmental demands has been an ongoing pursuit of organizations for centuries but the task has become even more perplexing over the last decade (Palthe & Kossek, 2003). The success of an organization depends not only on how the organization makes the most of human competences, but also how it stimulates commitment to an organization (Nijholf, De Jong & Beukhof, 1998). They stated that employee commitment together with a competence workforce seems to be of decisive importance for an organization to be able to compete in quality and to go along with changes.

Management experts have long recognized that human resource is a major determinant in the growth of an organization. Further, organizational commitment is generally thought as a determinant in the management of change (Gilder, 2003; Wong, Nog & Wong, 2002; Dick & Metcalfe, 2001). In particular, commitment is linked to positive behavioral intentions and actions that are directly under the control



of individuals, and which are important component in the achievement of organizational change programs involving new work goals, new working methods and new structures (Swailles, 2004). Employees have been known to be highly skeptical of planned change initiatives and could be resistant to change, resulting in unsuccessful change efforts, decrease in morale or productivity, and increases in turnover or subsequent organizational failures (Eby, Adams, Russell & Gaby, 2000, Osterman, 2000). An organization's restructuring and downsizing can have a negative result whereby employee's morale lessens leading to lower productivity. Since low morale and productivity are costly for organizations, it is important for organizations to determine the factors that affect commitment to change.

In order to achieve the objectives as set out in the Eighth Malaysia Plan, covering the period of 2001 – 2010, the government has started to implement a comprehensive development program known as the Third Outline Perspective Plan (OPP3). All Malaysians, must be totally committed to work cohesively and stand united to remain resilient in facing greater global challenges. Employees must change their mind set and create a sense of urgency in facing increasing competition to build a resilient and competitive economy (Malaysia, 2001).

Reformation in the Malaysian Service Organization

Realizing that the workforce in a public service is an important factor in the successful implementation of the National Vision Plan, Malaysia has transformed itself from being a stringent bureaucratic administration to a lesser bureaucratic and

more democratic administration of the government. Pressured by criticisms for better governance, bureaucratic administration has undergone internal reforms in fulfilling the needs and rising expectations of an emerging modern society and increasing demands for more qualified political leadership (Malaysia, 2001).

Malaysia has introduced many program-oriented reforms in the nineteen-eighties to strengthen its public service such as (1) the introduction of Manual of Work Procedure and Desk File as an effort to improve work system and procedures, (2) the introduction of Quality Control Circle (QCC) to enhance productivity in public sector agencies, and (3) the introduction of the Malaysian Incorporated Policy and the Privatization Policy which resulted in a shift in the role of the public sector (Malaysia, 2001).

Malaysia has found much success in its privatization policy. Through this policy the role of the private sector in economic development has been strengthened. The policy has also been able to enhance greater participation of Bumiputeras in the corporate sector. This has come through by promoting greater collaboration amongst both the private and public sectors. While the public sector would facilitate itself to provide a conducive institutional framework and quality service, greater focus on private sector initiatives ensures a united and equitable society through the various poverty eradication and distributional policies. Tun Mahathir in 1989, while being the Prime Minister had set a high target of achievement and performance level to the public services, and hence, launched the Excellent Work Culture Movement to focus reform program for the 1990s. The move not only instill a culture of excellence but further

transform the public sector's role into both as custodian of law and order as well as service provider to the people at large (Malaysia, 2001).

The era of the nineteen nineties found the world populations' demands from government services increased while governments throughout the world worked under further fiscal constraints. The call for a more productive and efficient government was also evident in Malaysia (Malaysia, 2001). The Privatization Policy has caused the role of economic development shifting from the public sector to the private sector. The public sector is now focused on developing its internal workings to facilitate administrative improvement efforts with the mission to bring about increased quality outputs as well as greater human recognition and appreciation. If in the past bureaucracy was prevalent with inefficiencies and delays, this initiative is determined to replace it with greater efficiencies, understanding, and cooperation (Malaysia, 2001).

Organizational Change in Organization X

Since the privatization policy was implemented, many public services in Malaysia have been privatized. The role change in public service management from government set-up to private set-up has caused higher expectations towards administrative efficiency and corporate resilience. The privatized public service is generally expected to be more sensitively client-oriented and have stronger customer-driven philosophy aimed at fulfilling the demands of rising expectations. This is also similar to one of the biggest privatized public service provider in telecommunication

in Malaysia, i.e. Organization X. Organization X faces tremendous and rigorous ever changing internal as well as external policies and expectations. Both the internal and external organizational environments generally influence a successful operation of the telecommunication organization.

Arguably however since forces resulting from external environment is beyond control by the organization, thus these forces require more emphasis than the internal one. Any change in these factors will have an impact on the organization and its delivery system.

There are numerous governmental policies and accompanying fluctuating market trends that affect organizational business strategies. These changes lead to various organizational strategies (reorganization, right sizing, merging) that have deep impact on management of resources, especially human resource. According to a Senior Manager of Human Resource Department in Organization X, in 1987, the year when Organization X started its privatization, which marked the shift of the role from public set-up to private set-up, many stakeholders and populace and significantly the organization X's workers were affected by the structural, technical, procedural and physiological changes.

Another external change that happened and affected the telecommunication organizations was during the period between 1990 and 1995. This was when the Government granted telecommunication licenses to the emerging private mobile telecommunication companies. The demand for highly skilled technical experts had

increased significantly. This had resulted in high turnover within Organization X when its technical experts started to migrate to these companies for higher benefits and compensations. In a short period of time, Organization X experienced severe shortage of technical skills in its operation. To close the gap, Organization X had to recruit new engineers even though it involved a huge investment on competency training.

Apart from the above, Organization X had also embarked on corporate reorientation and structuring during the period between 1994 to 1995 when an international management consultant company was hired to make a study on the new company's direction. In the following year, the consultant's strategic study and proposal resulted in the Organization X to go through the first major reorganization exercise after privatization. Since these major events, strategic organizational changes were just unavoidable and constantly reviewed, and a lot of change initiatives took place inside the company. Until today, the changing process still transpires in the aim to be at par with other international telecommunication providers. Besides, Organization X has also appointed few other noted consultants in their effort to facilitate and assist change management process. Since the early days until to date, all these changes particularly a rapid technological change has affected employees' skill sets which inevitably requires more rigorous competency training to be conducted. The pressure has further intensified, especially among the aged and senior employees as they have to compete with the increasing demand by organization towards more knowledgeable, younger yet talented workers in order to stay on par with other telecommunication service providers locally and internationally.



Similar to the external changes, according to the Senior Manager of Human Resource Department (personal communication, October, 2003), there were also many changes that happened internally within Organization X that affected its operation and administration. Among others are managing the aging workforce – decisions affecting senior or long service employees; increase in remuneration resulting in increased cost of labor; longer duration to build up new skill sets that changed frequently; limited number of promotion opportunities; employees to assume higher accountability with greater competences; employees to manage a broader scope of work and perform multiple functions; employees expected to achieve increased outputs with decreased inputs; and employees experiencing fast changes within the company. Thus, not all the change initiatives were easily implemented. Despite these challenges faced by the stakeholders especially the employees, the company needs to continue introducing new initiatives in order to increase the performance and its competitive edge in the upcoming globalization whilst supporting Malaysia in achieving its Vision 2020.

Problem Statement

Malaysia had once been affected by the Asian economic downturn and had to overcome many adversities. The Malaysian Public Service had undergone significant changes within a short time frame. Changes had not only been impacting the organization structurally but shifts in paradigm of the workers had also been affected.

