UNIVERSITI PUTRA MALAYSIA

ANTECEDENTS AND OUTCOMES OF ORGANISATIONAL COMMITMENT AMONG MALAYSIAN ENGINEERS

RAJENDRAN MUTHUVELOO.

GSM 2007 9
ANTECEDENTS AND OUTCOMES OF ORGANISATIONAL COMMITMENT AMONG MALAYSIAN ENGINEERS

By

RAJENDRAN MUTHUVELOO

Thesis Submitted to the Graduate School of Management, Universiti Putra Malaysia, in Fulfillment of the Requirement for the Degree of Doctor of Philosophy

July 2007
DEDICATION

Dedicated to my wife, parents, family members and colleagues

Love lives by giving and forgiving
Self lives by getting and forgetting.
Abstract of thesis presented to the Senate of the Universiti Putra Malaysia in fulfillment of the requirements for the award of the degree of Doctor of Philosophy.

ANTECEDENTS AND OUTCOMES OF ORGANISATIONAL COMMITMENT AMONG MALAYSIAN ENGINEERS

By

RAJENDRAN MUTHUVELOO

July 2007

Chair : Associate Professor Raduan Che Rose, PhD
Faculty : Graduate School of Management

This research explores the major factors that contribute towards Organisational Commitment amongst engineers in Malaysia. It identifies the antecedents of Organisational Commitment and evaluates the impact of Organisational Commitment on Organisational Outcomes.

This research project used primary data and the unit of analysis used is individual engineers. The researcher designed a questionnaire to establish that Employee Perception and Personal Characteristics have significant influence on organisational commitment, while Organisational Commitment and Personal Characteristics directly affect Organisational Outcomes. Surveys were distributed to engineers working throughout Malaysia with emphasis on major industrial areas in Selangor, Federal Territory, Johor, Penang, Terengganu, Pahang, Sabah and Sarawak.
Data were collected using two methods. Questionnaires were distributed personally to engineers within the Klang Valley vicinity. For the remaining areas, the surveys were mailed to the respondents directly.

The findings of the research demonstrate that Employee Perception (via perceived job satisfaction and perceived organisational characteristics) and Attitudinal Characteristic (via race, religion, country of graduation, and academic qualification) enhance organisational commitment through Attitudinal Commitment and Normative Commitment. Organisational Commitment (via Normative Commitment and Continuance Commitment) and Behavioural Characteristic (via age, position, job tenure, and year of service) significantly influence Organisational Outcomes.

The study shows that Organisational Commitment is dynamic, relevant, and important for an organisation’s survival. However, this study also suggests that high Organisational Commitment can lead to high absenteeism and lower productivity, due to higher work stress. The results also imply that, Organisational Commitment is influenced by engineers’ beliefs and values, while Organisational Outcomes are influenced by monetary rewards.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

ANTESEDEN DAN HASIL KOMITMEN TERHADAP ORGANISASI DI KALANGAN JURUTERA MALAYSIA

Oleh

RAJENDRAN MUTHUVELOO

Julai 2007

Pengerusi : Profesor Madya Raduan Che Rose, PhD
Fakulti : Sekolah Pengajian Siswazah Pengurusan

Kajian ini mengkaji faktor-faktor yang menyumbang kepada komitmen terhadap organisasi di kalangan jurutera di Malaysia. Ia mengenalpasti penentu terhadap komitmen kepada organisasi dan mengkaji kesannya terhadap hasil prestasi organisasi.

Kajian ini menggunakan data primer dengan jurutera sebagai unit analisa. Pengkaji membentuk borang soal selidik untuk membuktikan bahawa Persepsi Pekerja dan Ciri-ciri Individu mempunyai pengaruh signifikan terhadap komitmen organisasi, sementara Komitmen Organisasi dan Ciri-ciri Individu secara langsung mempengaruhi hasil organisasi. Borang soal selidik diedarkan kepada jurutera yang berkhidmat di seluruh Malaysia dengan tumpuan diberikan kepada kawasan industri
utama di Selangor, Wilayah Persekutuan, Johor, Pulau Pinang, Terengganu, Pahang, Sabah dan Sarawak.


Hasil kajian menunjukkan bahawa Persepsi Pekerja (melalui kepuasan kerja dan ciri-ciri organisasi) dan Sikap Pekerja (menerusi bangsa, ugama, negara menamatkan pengajian dan kelayakan akademik) meningkatkan komitmen terhadap organisasi melalui Komitmen Berkaitan Sikap dan Komitmen Normatif. Komitmen terhadap organisasi (melalui komitmen normatif dan komitmen berterusan) dan Ciri-ciri Individu (umur, jawatan, taraf perkhidmatan dan tempoh perkhidmatan) mempunyai pengaruh signifikan terhadap Komitmen Organisasi.

Kajian menunjukkan bahawa komitmen terhadap organisasi adalah dinamik, bersesuaian, dan penting untuk daya saing organisasi. Walau bagaimanapun, kajian ini mencadangkan bahawa Komitmen Organisasi yang tinggi boleh membawa kepada tingginya kadar ketidakhadiran dan prestasi yang rendah disebabkan oleh tekanan kerja. Hasil kajian juga menunjukkan bahawa komitmen terhadap organisasi dipengaruhi oleh nilai dan kepercayaan jurutera, sementara hasil organisasi dipengaruhi oleh penghargaan.
ACKNOWLEDGEMENTS

With humble salutations to The Almighty, I thank my late parents for their blessings in my pursuance of this Ph.D. programme.

I am especially grateful to Associate Professor Dr. Raduan Che Rose for the invaluable service provided in chairing my committee, undertaking the task of supervising my research work and continuously guiding and motivating me. I am indeed fortunate to have had such scholarly guidance and sustained assistance. Despite his busy schedule, he reserved time, tirelessly read the repeated revisions and generously offered direction and assistance throughout the process and progress of my thesis.

My sincere appreciation and thanks to my first supervisory committee Associate Professor Dr. Jamil bin Bojei, not only for his valuable administrative support but also for his cheerful disposition, which was a source of encouragement. I am also indebted to my second supervisory committee Professor Dr. Mohd. Zain bin Mohammed for his continuous moral support, and for guidance provided in the research and methodology.

I must express my sincere thanks to Dr. Murali Raman of Multimedia University for his invaluable ideas on statistical analysis and the direction of this thesis. My special thanks also to Puan Siti Shamsiah Hj. Shaari, Mr. Dharmalingam Manikam, Miss Shanthi Raman and Mr. Saravana Kumar for comments and guidance during the preparation of the thesis.
I must register my heartfelt gratitude to my beloved wife, for her prayers and encouragement. Last, but not least, my appreciation to all staff of the Graduate School of Management for their assistance in finalising this thesis.
I certify that an Examination Committee met on the 27th April 2007 to conduct the final examination of Rajendran Muthuveloo on his Doctor of Philosophy thesis entitled "Antecedents and Outcomes of Organisational Commitment Among Malaysian Engineers" in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) regulations 1981. The committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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DECLARATION

I hereby declare that this 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 the Universiti Putra Malaysia or to any other institutions.

RAJENDRAN MUTHUVELLOO

Date: 24 SEPTEMBER 2007
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEDICATION</td>
<td>iii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>vi</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>viii</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>x</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>xii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>xvii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xviii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xix</td>
</tr>
<tr>
<td>LIST OF ABBREVIATION</td>
<td>xx</td>
</tr>
</tbody>
</table>

## CHAPTER

1 INTRODUCTION

1.0 Introduction 1
1.1 Research Background 1
1.2 Problem Statement 7
1.3 Research Objective 8
1.4 The Research Gap 10
1.5 Theoretical framework 14
1.6 Research Hypotheses 19
1.7 Significance of the Research 20
  1.7.1 Practical significance of the research 21
  1.7.2 Theoretical significance of the research 22
1.8 Scope and Assumptions of the Research 24
1.9 Organisation of the Thesis 24
1.10 Chapter Summary 25

2 LITERATURE REVIEW

2.0 Introduction 27
2.1 Commitment 27
  2.1.1 Commitment, Motivation and Management Style 27
  2.1.2 The New Psychological Contract 33
  2.1.3 Employee-Organisation Linkage 35
2.2 Employee Commitment 39
  2.2.1 Organisational Commitment 40
2.2.2 Career Commitment 42
2.2.3 Work Commitment 42
2.3 Organisational Commitment 43
  2.3.1 Development of Organisational Commitment 43
  2.3.2 Different Views of Organisational Commitment 70
  2.3.3 Reflections on Organisational Commitment 73
  2.3.4 Typology of Organisational Commitment 75
  2.3.5 Definitions of Organisational Commitment 84
2.3.6. Antecedents and Consequences of Organisational Commitment 88
2.3.7 The Relevance of Organisational Commitment 90
2.4 Chapter Summary 96

3 METHODOLOGY
3.0 Introduction 99
3.1 Research Design 99
3.2 Sampling methodology 100
3.2.1. Sampling Methodology 100
3.2.2 Population, Unit of Analysis and Sampling Size 100
3.2.3. Sampling Procedure 101
3.3 Research Instrument Design 102
3.3.1. Research Instrument 102
3.3.2 Measurement 105
3.3.3 Measurement Models 105
3.3.4. Operationalisation of Variables 109
3.3.5. Definitions of Variables 111
3.3.6. Validity and Reliability of Scales 115
3.3.7. Pre-Testing of the Questionnaire through Pilot Study 120
3.4 Data Collection Method 121
3.4.1. Time Horizon 121
3.4.2. Data Collection 122
3.5 Data Analysis Method 124
3.6 Chapter Summary 125

4 FINDINGS 1: THE ANTECEDENTS OF ORGANISATIONAL COMMITMENT
4.0 Introduction 127
4.1 Demographic Profile of Respondents 128
4.2 Descriptive Analysis 130
4.3 Results of Multiple Regression Analysis 132
4.3.1. Influence of Employee Perception on Affective Commitment 133
4.3.2. Influence of Employee Perception on Continuance Commitment 134
4.3.3. Influence of Employee Perception on Normative Commitment 134
4.3.4 Influence of Employee Perception on Organisational Commitment 135
4.4 Results of Analysis of Variance (ANOVA) 136
4.4.1. Influence of Gender on Organisational Commitment 137
4.4.2. Influence of Age on Organisational Commitment 139
4.4.3. Influence of Race on Organisational Commitment 139
4.4.4. Influence of Job Tenure on Organisational Commitment 139
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.4.5 Influence of Country of Graduation on Organisational Commitment</td>
<td>140</td>
</tr>
<tr>
<td>4.4.6 Influence of Academic Background on Organisational Commitment</td>
<td>141</td>
</tr>
<tr>
<td>4.4.7 Influence of Religion on Organisational Commitment</td>
<td>142</td>
</tr>
<tr>
<td>4.4.8 Influence of Length of Service on Organisational Commitment</td>
<td>144</td>
</tr>
<tr>
<td>4.4.9 Influence of Position on Organisational Commitment</td>
<td>144</td>
</tr>
<tr>
<td>4.4.10 Influence of Engineering Discipline on Organisational Commitment</td>
<td>144</td>
</tr>
<tr>
<td>4.5 Chapter Summary</td>
<td>145</td>
</tr>
</tbody>
</table>

5 FINDINGS II: OUTCOMES OF ORGANISATIONAL COMMITMENT

5.0 Introduction 147

5.1 Results of Multiple Regression Analysis 148

5.1.1 Influence of Organisational Commitment on Loyalty 149

5.1.2 Influence of Organisational Commitment on Intention to Leave 150

5.1.3 Influence of Organisational Commitment on Work Stress 151

5.1.4 Influence of Organisational Commitment on Self-Performance 152

5.2 Results of Analysis of Variance (ANOVA) 152

5.2.1 Influence of Gender on Organisational Outcomes 153

5.2.2 Influence of Race on Organisational Outcomes 153

5.2.3 Influence of Age on Organisational Outcomes 155

5.2.4 Influence of Academic Background on Organisational Outcomes 156

5.2.5 Influence of Country of Graduation on Organisational Outcomes 157

5.2.6 Influence of Religion on Organisational Outcomes 157

5.2.7 Influence of Job Tenure on Organisational Outcomes 158

5.2.8 Influence of Length of Service on Organisational Outcomes 158

5.2.9 Influence of Position on Organisational Outcomes 160

5.2.10 Influence of Engineering Discipline on Organisational Outcomes 162

5.3 Chapter Summary 162

6 DISCUSSION

6.0 Introduction 165

6.1 Antecedents of Organisational Commitment 165

6.2 Outcomes of Organisational Commitment 169

6.3 Chapter Summary 173

xv
## 7 CONCLUSIONS, IMPLICATIONS, LIMITATIONS AND RECOMMENDATION FOR FUTURE RESEARCH.

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0 Introduction</td>
<td>175</td>
</tr>
<tr>
<td>7.1 Conclusion</td>
<td>176</td>
</tr>
<tr>
<td>7.2 Research Contributions</td>
<td>181</td>
</tr>
<tr>
<td>7.2.1 Practical contribution</td>
<td>181</td>
</tr>
<tr>
<td>7.2.2 Theoretical contribution</td>
<td>185</td>
</tr>
<tr>
<td>7.3 Implications of Findings</td>
<td>187</td>
</tr>
<tr>
<td>7.4 Research Limitations</td>
<td>191</td>
</tr>
<tr>
<td>7.5 Research Recommendations</td>
<td>193</td>
</tr>
<tr>
<td>7.6 Chapter Summary</td>
<td>195</td>
</tr>
</tbody>
</table>

**BIBLIOGRAPHY**

197

**LIST OF APPENDICES**

226

**APPENDICES**

227

**BIODATA**

260
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Common Measurement Scales for Organisational Commitment.</td>
<td>85</td>
</tr>
<tr>
<td>2.2</td>
<td>Typology of Organisational Commitment</td>
<td>85</td>
</tr>
<tr>
<td>2.3</td>
<td>Definitions of Organisational Commitment</td>
<td>87</td>
</tr>
<tr>
<td>3.1</td>
<td>Summary of Measurement Models</td>
<td>106</td>
</tr>
<tr>
<td>3.2</td>
<td>Concepts, Dimensions and Elements</td>
<td>110</td>
</tr>
<tr>
<td>3.3</td>
<td>Construct Validity</td>
<td>117</td>
</tr>
<tr>
<td>3.4</td>
<td>Reliability Coefficients</td>
<td>119</td>
</tr>
<tr>
<td>4.1</td>
<td>Socio-Demographic Profile of Respondents</td>
<td>129</td>
</tr>
<tr>
<td>4.2</td>
<td>Descriptive Analysis</td>
<td>130</td>
</tr>
<tr>
<td>4.3</td>
<td>Multiple Regression Analysis results (Stepwise Regression) (Antecedents of Organisational Commitment)</td>
<td>133</td>
</tr>
<tr>
<td>4.4</td>
<td>Results of Analysis of Variance (ANOVA) - Influence of Personal Characteristics on Organisational Commitment</td>
<td>138</td>
</tr>
<tr>
<td>4.5</td>
<td>Influence of Race on Organisational Commitment</td>
<td>140</td>
</tr>
<tr>
<td>4.6</td>
<td>Influence of Country of Graduation on Organisational Commitment</td>
<td>141</td>
</tr>
<tr>
<td>4.7</td>
<td>Influence of Academic Background on Organisational Commitment</td>
<td>142</td>
</tr>
<tr>
<td>4.8</td>
<td>Influence of Religion on Organisational Commitment</td>
<td>143</td>
</tr>
<tr>
<td>5.1</td>
<td>Influence of Organisational Commitment on Organisational Outcomes (Stepwise Regression)</td>
<td>150</td>
</tr>
<tr>
<td>5.2</td>
<td>Results of Analysis of Variance (ANOVA) - Significance of Personal Characteristics on Organisational Outcomes</td>
<td>154</td>
</tr>
<tr>
<td>5.3</td>
<td>Influence of Age on Organisational Outcomes</td>
<td>156</td>
</tr>
<tr>
<td>5.4</td>
<td>Influence of Job Tenure on Organisational Outcomes</td>
<td>159</td>
</tr>
</tbody>
</table>
5.5 Influence of Length of Service on Organisational Outcomes 160
5.6 Influence of Position on Organisational Outcomes 161
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Antecedents, Correlates and Consequences of Organisational Commitment</td>
<td>6</td>
</tr>
<tr>
<td>1.2(a)</td>
<td>Theoretical Framework of the Research (Part 1): Antecedents of Organisational Commitment</td>
<td>16</td>
</tr>
<tr>
<td>1.2(b)</td>
<td>Theoretical Framework of the Research (Part 2): Influence of Organisational Commitment and Personal Characteristics on Organisational Outcomes</td>
<td>17</td>
</tr>
<tr>
<td>2.1</td>
<td>Typology of Employee</td>
<td>40</td>
</tr>
<tr>
<td>2.2</td>
<td>Typology of Organisational Commitment</td>
<td>82</td>
</tr>
<tr>
<td>4.1</td>
<td>Antecedents of Organisational Commitment</td>
<td>146</td>
</tr>
<tr>
<td>5.1</td>
<td>Antecedents of Organisational Outcomes</td>
<td>164</td>
</tr>
<tr>
<td>7.1(a)</td>
<td>Relationship Framework of Part (1): Antecedents of Organisational Commitment</td>
<td>183</td>
</tr>
<tr>
<td>7.1(b)</td>
<td>Relationship Framework of Part (2): Outcomes of Organisational Commitment</td>
<td>184</td>
</tr>
</tbody>
</table>
## LIST OF ABBREVIATION

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC</td>
<td>Attitudinal Commitment</td>
</tr>
<tr>
<td>AGFI</td>
<td>Adjusted Gamma fit index</td>
</tr>
<tr>
<td>CC</td>
<td>Continuance Commitment</td>
</tr>
<tr>
<td>EP</td>
<td>Employee Perception</td>
</tr>
<tr>
<td>GFI</td>
<td>Gamma Fit Index</td>
</tr>
<tr>
<td>ITL</td>
<td>Intention to Leave</td>
</tr>
<tr>
<td>L</td>
<td>Loyalty</td>
</tr>
<tr>
<td>NC</td>
<td>Normative Commitment</td>
</tr>
<tr>
<td>NFI</td>
<td>Normed fit index</td>
</tr>
<tr>
<td>OC</td>
<td>Organisational Commitment</td>
</tr>
<tr>
<td>PJC</td>
<td>Perceived Job Characteristics</td>
</tr>
<tr>
<td>PJS</td>
<td>Perceived Job satisfaction</td>
</tr>
<tr>
<td>POG</td>
<td>Perceived Organisational Characteristics</td>
</tr>
<tr>
<td>RP</td>
<td>Role Perception</td>
</tr>
<tr>
<td>RMSEA</td>
<td>Root mean square error of approximation</td>
</tr>
<tr>
<td>RMSR</td>
<td>Root mean square residual</td>
</tr>
<tr>
<td>SP</td>
<td>Self Performance.</td>
</tr>
<tr>
<td>WS</td>
<td>Work Stress</td>
</tr>
</tbody>
</table>
CHAPTER 1
INTRODUCTION

1.0 Introduction

This Chapter discusses the background to the selection of the research topic, 'Antecedents and Outcomes of Organisational Commitment among Malaysian Engineers'. It also provides an overview of the research, covering the research background, the problem statement, research gap, formulation of the theoretical framework, hypotheses, research significance, scope and assumptions of the research.

1.1 Research Background

Vision 2020 – Malaysia’s aspiration has led to tremendous changes in the strategic directions for many organisations in Malaysia. Organisations in the future are expected to become more nimble, flexible and to operate within a borderless environment. In this context, as economies changes from a worker intensive industrial society towards an automated information society, the retention of technological advantages and knowledge capital within organisations are uncertain (Evans, 1991; Sten, 2001; Zain, 2005). High technology industries operate within a volatile market and experience accelerating growth and pace of change.

Skilful employees such as engineers, information control technologists, environmental managers, aerospace and research specialists are educated, have a strong preference for independence and hold a large portion of the organisation’s intellectual capital.
Skilful employees are more committed to their career/profession rather than the organisation (Evans, 1991; Sten, 2001; Zain, 2005).

Surveys by Federation of Malaysian Manufacturers (2002), Bank Negara (2002) and National Information Technology Council (2001), identifies that many organisations face high turnover amongst skilful employees due to changing attitudes which shifts between employers and employment because of low organisational commitment.

Surveys on manpower requirements (Manufacturing Employers Federation (2002); Malaysian Department of Statistics (2004) and studies (Redzwan, 2002; Manaf, 2003; Zain, 2005) confirms that the high employee turnover is predominantly due to low organisational commitment. These surveys and studies identify that employees are willing to change employers and employment for the following reasons:

- Better salary and benefits offered by competing companies.
- Geographic location of company [inadequate, or poor, public transport, lack of accommodation and/or facilities in the vicinity].
- High demand for skilled/trained employees.
- Outflow to other areas.

To overcome the shortage of skilful employees, the government has allocated a total RM1.5 billion for the training of unskilled and semi-skilled workers to minimise shortages and to encourage the retraining of workers who are keen to upgrade their skills (Suliman, 2002). The government also started a programme to encourage Malaysian citizens with expertise residing overseas to return to Malaysia. This
programme was launched on 1 January 2001 [National Productivity Centre (2002) and Ministry of Human Resources, (2002)].

This research project focuses on engineers, a key workforce for any country similar to Malaysia – a nation embarking on a knowledge-based economy, with industries driven by high technology as the key to propelling future growth (Singh and Vinnicombe, 2000; Govindaraju, 2003). Engineers are considered as an essential service, highly skilled and are important for the development of Malaysia [(National Productivity Centre (2002) and Ministry of Human Resources, (2002)].

True to the adage that ‘prevention is better than cure’, instead of just considering how to reduce turnover among engineers, the researcher’s interest lies in improving organisational commitment, which in turn, reduces engineer turnover and enhances positive organisational outcomes. Earlier research findings have shown that organisational commitment affects employee turnover in several ways (Cohen and Hudecek, 1993; Wart, 2003; Lambert et al., 2001; Manaf, 2003).

The current research project is undertaken to identify the antecedents that will increase engineers’ organisational commitment, and which in turn, will reduce employee turnover and improve productivity. High turnover amongst engineers can lead to negative implications to the economy in general and to organisations specifically (Sten, 2001; Zain, 2005).

Progress in documenting the correlation of organisational commitment variables with employee withdrawal process variables is evident from meta-analyses of the research
linking these concepts (Mathieu and Zajac, 1990 – see Figure 1.1.). Strong correlation effects are reported between organisational commitment and employee turnover, through intention to search for job alternatives (correlation factor, $r_t = -0.60$; sample size, $t = 25$ samples), and intention to leave a job (correlation factor, $r_t = -0.46$; sample size, $t = 36$ samples), as variables.

Studies indicate that higher organisational commitment not only reduces employee turnover but also increases employee loyalty and performance, and reduces work stress (Meyer and Allen, 1997; Guthrie, 2001; Bard, 2002). Generally, employees with strong psychological ties to their workplaces are likely to remain with their respective organisations; which psychological ties are usually based on either the investment employees have made in the workplace, or on feelings of commitment towards an organisation (Romzek, 1990; Wart, 2003; Hope, 2003).

Although organisational commitments driven by remuneration ties are the easiest way for organisations to retain employees, it is a relatively more expensive and complex challenge for organisations, as supervisors have little influence over the development of ties based on remuneration. The shareholders in general and management decide on most of the remuneration opportunities and decisions (Romzek, 1990; Tsui et al., 1997; Ali, 2004).

Given this fiscal constraint, remuneration ties are likely to be inadequate to maintain long-term employee retention. Employee commitment driven by shared values operates in a different manner. The organisation’s culture, socialisation processes and ability to fulfil employees’ work expectations, influence the level of employee
commitment. Most policy proposals which are implemented to invigorate the private sectors, focus on motivations and inducements (Romzek, 1990; Tsui et al., 1997; Ali, 2004).

Generally, organisations give emphasis to increasing commitment by utilising remuneration approaches [e.g. pay, benefit and career opportunities]. Although these are important facets of inducements and are necessary to attract and retain, high quality employees, they are mostly inadequate. Nevertheless, nearly all the focus in public debates and proposals is on improving remuneration-oriented inducements. In addition to inducements, top management must be sensitive to the dynamics of cultivating employee contributions, particularly job commitment (Saroj and Santora, 2001; Rohayu, 2001; Zain, 2005).

Currently, employees are less willing to suspend or sacrifice their personal needs for their employer’s interest (Kambol, 2004; Noor, 2004; Zain, 2005). Employees nowadays expect work that provides more than a regular income and job security. Employees expect a fair income, a secure job in a safe environment and jobs that allow them to fulfil their needs as human beings, while fulfilling their obligations towards employers. In short, they aspire to become well-balanced human beings and good employees at the same time.

Unfortunately, while employee expectations are broadening, responses from employers have become more constrained. Recent economic crises have caused revenue shortfalls, management cutbacks and re-organisation; serving as stark evidence to employees that their traditional expectations, for income, security and