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ANTECEDENTS AND OUTCOMES OF ORGANISATIONAL COMMITMENT AMONG MALAYSIAN ENGINEERS

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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.

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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.

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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.

Data dikumpul melalui dua cara. Soal selidik diedarkan sendiri kepada jurutera di kawasan Lembah Klang. Bagi kawasan lain, soal selidik diposkan terus kepada responden.

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.

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LIST OF ABBREVIATION

AC	Attitudinal Commitment
AGFI	Adjusted Gamma fit index
CC	Continuance Commitment
EP	Employee Perception
GFI	Gamma Fit Index
ITL	Intention to Leave
L	Loyalty
NC	Normative Commitment
NFI	Normed fit index
OC	Organisational Commitment
PJC	Perceived Job Characteristics
PJS	Perceived Job satisfaction
POG	Perceived Organisational Characteristics
RP	Role Perception
RMSEA	Root mean square error of approximation
RMSR	Root mean square residual
SP	Self Performance.
WS	Work Stress

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, $r_t = -60$; 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

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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