Technical executive's organizational commitment at Malaysian Oil & Gas Industry

Conference Paper · December 2015

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Abstract

This research investigates the levels of organizational commitment among technical executive, identifies factors that influence organizational commitment in the Malaysian oil and gas industry, and examines the impact of organizational commitment on organizational performance. This research was conducted at Malaysia Marine and Heavy Engineering (MMHE). The framework adopted the three component-conceptualization of organizational commitment. Among the findings is that organizational commitment tends to influence stress level at work. A high level of affective commitment caused work stress to increase amongst employee.

Keywords: Organizational commitment, oil and gas industry, Malaysia

1. INTRODUCTION

The oil and gas industry in Malaysia has been facing an enormous challenge with regards to employee retention. This is especially true amongst engineering expertise where such talent is the most sought after internationally. The major dilemma faced by most Malaysian oil and gas operators is the high salaries offered that lures local technical expertise to offshore jobs. This in turn is causing a brain drain and shortage of skilled workers. It has been indicated that commitment makes a powerful driving force upon an organization's success, recently while absenteeism and turnover seemed to be reduce by high levels of employee commitment, operationally (Worrall, Cooper & Campbell-Jamison, 2000). Functionally, employees seem to stand a greater chance to be more anticipated and satisfied with their work productivity via environment that fosters commitment (Bennett & Durkin, 2000). Organizational commitment improvement can be achieved by making the current organizational commitment measurement as the essential tool, which, eventually enhances positive outcomes from an organization and reduces engineer turnover. Solutions that could resolve employee's concern and advance positive employee-employer relationships could be achieved through the awareness and information from those activities. There are a number of factors that may cause the shifting of organizational commitment levels. The employees' commitment measurement often includes relative conditions as employment and demographic characteristics. (i.e. age or tenure). Employee commitment can be nurtured by a given organization through employees' encouragement, support and improving their general well being (Tett & Meyer, 1993). Sarwar & Khalid (2011) found that organizations that invest in capability building can better achieve their strategic objectives and leads to more successful organization.

It was found that commitment is "an individual's involvement in a particular organization and the relative strength of identification" (Mowday et al., 1982). Aryee and Tan (1992) argue that the adoption of values and goals set by the organization, not minding of putting ample effort to the organization, and wishes to sustain in the organization, makes some of characteristics of commitment. Commitment of staffs was also found to positively impact absenteeism, turnover rates, effectiveness of an organization and job performance (Aryee & Tan, 1992; Sarwar & Khalid, 2011). The objectives of this research is to 1) analyze the levels of organizational commitment among technical executive; 2) to

identify factors that influence organizational commitment, and 3) to investigate the impact of organizational commitment on organizational performance.

1.1 Research Questions

Research questions are as following:

Research Question 1: What are the levels of organizational commitment among various technical executives in the Malaysian oil & industry?
Research Question 2: What factors influence employee's organizational commitment in the Malaysian oil & industry?
Research Question 3: Does organizational commitment lead to better organizational performance?

1.2   Significance

This research can be of benefit to organizations in the oil and gas industry. Results of this research allow organizations to be more aware of the many benefit of employee commitment, impact on achieving set strategic objectives, planning, retention strategies and investments and training in new talent. This research will be particularly useful to Malaysia Marine and Heavy Engineering, to reassess their long-term strategic plans against employees' remuneration package.

2.   LITERATURE REVIEW

Organizational commitment has been one of the most popular concepts over the past 30 years (Kontoghiorphes and Bryant, 2004; Rose et al., 2011); it reflects the psychological state between employees and organization, and implies the decision of employees to remain within the organization. It is widely accepted by scholars that organizational commitment is tri-dimensional, namely, continuous commitment, normative commitment and affective commitment (Allen and Meyer, 1990; Elizur and Koslowsky, 2001; Mowday, Steers & Porter 1979). Many studies found that training significantly influences organizational commitment (Bartlett, 2011; Ahmad & Bakar 2003; Owens, 2006). Improving employee organizational commitment is one of the main objectives of training. Organizational commitment is considered as one of the outcome variables in evaluating organizational training results (Bartlett, 2001; Finegold et. al., 2007).

Bateman and Strasser (1984) asserts that among the significant reasons to study organizational commitment has to do with "(a) employee behaviors as well as the effectiveness of a performance, (b) affective, cognitive and attitudinal constructs like satisfactory level towards job, (c) employee's job and role characteristic like responsibility and (d) the employees personal characteristics as in age, job tenure" (p. 95-96). Various kinds of outcomes along with their antecedents have been identified in the past thirty years (Angle and Perry, 1981). Meyer and Allen (1991) affirm that three themes could generally be projected through organizational commitment, they are: the perceived costs associated with leaving it, the obligation to remain with it and the affective attachment to the organizations,. These three approaches are referred to as affective, normative and continuance commitment. The similarity that these three approaches shares is the view that commitment is a psychological state that distinguishes employee's relationship with the organization and consequences the decision to continue its membership. Affective commitment can be defined as the identification, emotional attachment and involvement that an employee incorporates with the organization and its goals (Mowday et al, 1997, Meyer& Allen, 1993; O'Reily et. al., 1991).

Continuance commitment is the act of staying in an organization due to the investment in "non-transferable" investments. Non-transferable investments include relationships with other employees, retirement benefits, or event moments that are especially mesmerizing to the organization (Zaccaro, 1989). Normative commitment (Meyer, et. al., 2002) is the kind of commitment that believed to have been inculcated into the organization or the sense of obligation towards the workplace (Allen & Meyer 1990; Wiener & Vardi, 1990). Employees with high normative commitment levels feel the tendency to stay in the organization. However, Meyer and Herscovitch (2001) contend that normative commitment may also be developed through provision of "rewards in advance" by the employer towards employees in the form of paying college tuition or incurring certain costs in employment provisions such as fees for head-hunting and all the other costs associated with job training. Recognition of these investments

are causing employees tendency to feel obliged in order to reciprocate by dedicating themselves to the organization till the debt is settled off (Meyer & Herscovitch, 2001).

3.   METHODOLOGY

This research was conducted at Malaysia Marine and Heavy Engineering (MMHE) a subsidiary of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB), which is the largest oil and gas fabrication yard in South-east Asia and the only company in Malaysia that has constructed deep-water projects for the energy industry. The target population is the technical executives at MMHE, as an ideal sample size to gauge organizational commitment, competitive advantage and performance in the oil and gas industry. A questionnaire survey was used to collect primary data. 100 respondents participated, all of which are MMHE employees. Employees were selected from each department based on the ratio from the stratified sampling. The target population share the same set of characteristic and work in the same area. The most significant proportion of the total sample size taken from the Department of Construction with 32 employees, the second most significant is from the Department of Quality Assurance/Quality Control with 21 employees, the third most significant is from the Department of Health Safety & Environment with 18 employees, the fourth most significant is from the Department of Engineering Design with 17 employees, while the least significant proportion was taken from the Department of Commissioning with only 12 employees. The study employed probability sampling, which is the stratified sampling method to determine the sample size in this research, using a two-step process to partition the population into subpopulations, or strata, with elements selected from each stratum by a random procedure.

This research is identified as a descriptive study as it includes a number of different variables of analysis. The purpose of descriptive study is to analyze the correlations between multiple variable by using Pearson's correlation test. This approach is suitable for researcher objectives and the parameters under investigation. The framework of this study adopted from Meyer & Allen's (1991) three component-conceptualization of organizational commitment. Pearson correlation was applied to test Factors That Determine Organizational Commitment

4.   ANALYSES AND FINDINGS

Analyses shows significant level of relationship between "I feel "emotionally attached to this organization" with "Your job security is good" 0.317 at the significance level 0.01 less than 0.01 which is indicates that 99% confident. The Pearson Correlation between "Right now, staying with my organization is a matter of necessity as much as desire" with "Your job is very hectic" is 0.244 at the significant level of 0.014, which is less than 0.05. A 95% confidence reflects significant relationship between both variables. The Pearson correlation between "I am afraid of what might happen if I quit my job without having another one lined up" with "Your job allows you freedom to decide how you do your job" is -0.234 at the significant level of 0.019 which less than 0.05. At 95% confidence, there is a significant negative relationship between both variable.

Analyses shows significant level relationship between "I owe a great deal to my organization" with "The people you work with are helpful in getting the job done" -0.259 at the significant level of 0.009 which is less than 0.01. At 99% confidence, significantly negative relationship. The Pearson correlation between "Even if it were to my advantage, I do not feel it would be right to leave my organization now" with "Your job requires a high level of skill" is -0.210 at the significant level of 0.036 which less than 0.05. At 95% confidence, there is a significant negative relationship. The significance level relationship between "I would feel guilty if I left my organization now" with "You are exposed to hostility or conflict from the people you work with" is -0.324 at significance level of 0.001, which is less than 0.01 at 99% confidence that there is negative relationship between these two variables.

The Levels of Organizational Commitment
Analyses further show that organizational commitment among technical executives is was low. It is of low affective commitment because majority of the respondents do not seem to have the desire to work at MMHE. Majority of the respondents remain at MMHE because they want to gain work experiences.

Personal Characteristic and Organizational Commitment

Employee personal characteristic was found to significantly influence organizational commitment. Based on this study, among the personal characteristics involved were department attached, gender, educational level, length of service, age and marital status.

Training and Organizational Commitment

Findings further show that training significant influenced organizational commitment. Previous research proposed that employees, who have the opportunity for training program, are more committed with their organization (Bartlett 2001). Based on the relationship training and organizational commitment, employees at MMHE has high level of continuance commitment and normative commitment

Organizational Commitment and Turnover Intention

Analyses also show an existence of relationship between organizational commitment and turnover intention. Affective commitment and turnover intention showed significantly negative relationship. From the research, when respondents' affective commitment is high, intention to leave was found to be low.

Organizational Commitment and Work Stress

This research also found that organizational commitment influences work stress. A high level of affective commitment caused work stress to increase amongst employee.
This may be interpreted as caused by emotional attachment to this organization. The feeling that organizational problems are viewed personally as it is their own problems.

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