

A STUDY ON FACTORS INFLUENCING EMPLOYEES COMMITMENT LEVEL IN BERJAYA GROUP OF COMPANIES IN KLANG VALLEY, MALAYSIA.

Chan Hwee

BERJAYA Corporation Berhad, Malaysia.
grace.chan@berjaya.com.my

Yivonn Mah Pei Sze

BERJAYA University College of Hospitality, Malaysia.
yivonn.mah@berjaya.edu.my

ABSTRACT

High level of employee commitment leads to several favourable organization outcomes like better customer service, workforce stability, employee retention, higher productivity and business performance. Some of the factors affecting employee commitment in organization are: leadership styles, training, communication, job satisfaction and motivation, corporate social responsibilities and others. The research presented in this article explores the factors influencing employee commitment level in Berjaya Group of Company in Klang Valley. The primary data source used in this analysis is taken from a survey of 400 executives and managers in Berjaya Group of Companies. Based on the results of the study, there is significant influence of the five factors (leadership, rewards & recognition, CSR, learning & development and internal communication) on employee commitment. We conclude that understanding of age segmentation of employees and leadership preference and learning and development is paramount in developing effective strategies in boosting employee commitment in the corporation.

Keywords: *Employee commitment, leadership, influence.*

INTRODUCTION

Employee commitment is an important area of study to many researchers and organizations because the outcome of the behaviour may affect the performance of the organization. To assess the influence of the different factors on employee commitment is critical as the information and the findings gathered are useful for the organization to develop and implement effective human resource strategy.

Its popularity is reflected by a recurring theme in the research literature both globally and in Malaysia. Studies were done by researchers in China, Africa, Pakistan, Vietnam, Nigeria, United Kingdom, Yemen, Turkey, USA, India and many other countries. In Malaysia, studies were done by researchers on the influence of different factors on employee commitment in higher education institute, retail industry and other industries.

Employee commitment is identified as a psychological state that binds individual to the manager, occupation and organization (Meyer & Allen, 1990). Commitment "is a

psychological state that characterizes the employee relationship with the organization and has implication for the decision to continue membership in the organization.”

The purpose of this study is to determine whether the 5 factors: corporate social responsibility, rewards & recognition, internal communication have significant influence on employee commitment in Berjaya.

Established in 1984, Berjaya Corporation Berhad (“BCorp”) began as a steel company and since then it has grown into one of Malaysia’s largest home-grown conglomerates. Today, BCorp and its affiliated companies have a total employee strength of 30,000 and is engaged in the core businesses of consumer marketing & direct selling, financial services, property investment & development, hotels & resorts and recreation development, gaming & lottery management, food & beverage, environmental services, motor distribution, internet-related businesses, water utilities, media, retail, and telecommunications.

BCorp is committed to creating a compelling employee value proposition and strives to be an "Employer of Choice". It is thus crucial for the corporation to determine the factors significantly influence its employee commitment.

LITERATURE REVIEW

Employee Commitment

There is only one dependent variable in this study that is employee commitment. There are many different definitions by different researches on employee commitment. Employee commitment is identified as psychological state that binds individual to the manager, occupational and organization (Meyer and Allen 1997). Meyer and Herscovitch (2001) suggested that commitment binds an individual to a course of action of relevance to one or more targets.

Meyer and Allen (1991) offer a further distinction, identifying three components of commitment: ‘continuance’, ‘normative’ and affective’ commitment. Continuance commitment is a person continues working for organization because he or she cannot afford and wants to avoid the perceived cost of leaving. An employee stays with the organization because he/she “needs to”. Normative commitment is a person continues working for organization because he or she faces pressure from others to do so. It refers to the employees feel that it is their moral obligation to stay in the organization (Meyer and Allen 1997). An individual stays with the organization because he/she “ought to”.

Affective commitment is a person continues working for organization because he or she agrees with the organization and wants to remain there. It refers to the extent to which an individual involved in and identify with the organization (Meyer & Allen, 1991). This is probably the most beneficial component of commitment for an organization to engender within its employees as it is associated with productive behaviour aimed at contributing meaningfully to the organization (Meyer and Allen 1997). Those employees with strong effective commitment appear more willing to engage in organization citizenship behaviour than those with weak affective commitment (Meyer and Allen 1986; Shore and Wayne 1993).

Corporate Social Responsibility (CSR)

According to Carroll (1983), corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then mean that profitability and obedience to the law are foremost conditions when discussing the firm's ethic and the extent to which it supports the society in which it exists with contributions of money, time and talent.

McWilliam and Siegel (2001) define CSR as "actions that appear to further some social good, beyond the interests of the firm and that which is required by law". Studies suggested that corporate social responsibility increases employee commitment level with the organization, because CSR interventions also included activities for the welfare of employees and their families. Many other studies, including Turban and Greening (1997); Albinger and Freeman (2000); Greening and Turban (2000); Peterson (2004) stated that the corporate social contribution attracts motivated potential employees and improve the commitment level of existing employees. Brammer et al. (2007) noted that CSR increased employee organizational commitment.

The results of Farooq et al., (2013) study on the impact of corporate social responsibility on commitment showed that the perceived CSR was a strong predictor of effective organizational commitment.

Studies have also confirmed positive effects of employee commitment on organizational performance. Committed employees are considered critical success factors for any organization.

Rewards and Recognition

All the financial and non-financial benefits which an employee gained by being an employee of an organization may be referred to as organizational rewards (Malhotra, Budhwar and Prowse, 2007). There are two kinds of rewards which are in practice to be provided to the employees. These are intrinsic and extrinsic rewards. Intrinsic reward comes in intangible form. These may include recognition, autonomy, and role in decision process. Extrinsic rewards are the tangible rewards which may include pay, benefits and promotions (Williamson, Burnett and Bartol, 2009). The rewards whether, intrinsic or extrinsic are likely to develop feeling among the employees that the organization values them and makes them more committed to their organization.

Variation in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employee (Ali and Ahmed, 2009). Ali and Ahmad (2009) established that there is a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction.

The study by Vijayakumar and Subha (2013) in Private Banks of Tirunelveli City, India concluded that rewards and recognition if improved have positive effect on motivation and job satisfactions. Thus rewards plays an important role in enhancing the value delivered to the employees.

Internal Communication

Internal communication is operationally defined as the exchange of information both informal and formal between management and employee within the organization. Communications are operationally defined as technology and systems used for sending and receiving messages. Communication may include a newsletter, circulation materials, surveys, emails, suggestion box, etc. Organization communication focuses on connecting individual employees, groups and the organization as a whole to facilitate realization of common interest and spontaneous cooperation (Clampitt and Down, 1992).

Guest and Conway (2002) report that their results justify stressing the importance of communication that is directly related daily work, the accuracy of instruction or quality of feedback about the employee's work. The management can bring the employee commitment to organization by improving the quality of communication.

The study done by Balakrishnan and Masthan (2013) at Delhi International Airport concluded statistically that there was a significant positive correlation between internal communication and employee engagement.

In addition to an increase in employee engagement, the study by White, Vane and Stafford (2010) found that internal communication added a sense of community and gave employees a feeling of greater responsibility to advocate for the organization at a personal level.

Leadership

Leadership is a process of influencing others' commitment towards realizing their full potential in achieving a value added, shared vision, with passion and integrity (Ngambi 2010). Ngodo (2008) perceives leadership to be a reciprocal process of social influence, in which leaders and subordinates influence each other in order to achieve organizational goals. According to Obiwure (2011), leadership style in an organization plays an important role in enhancing or retarding the interest and commitment of the individuals in the organization.

According to Nyengane (2007), employee commitment reflects the quality of the leadership in the organization. Therefore it is logical to assume that leadership behaviour would have a significant relationship with the development of organizational commitment.

Research done by Wiza and Hlanganipai (2014) on the impact of leadership styles on employee commitment in higher learning institutions in South Africa showed a positive relationship between leadership styles and some employee organization commitment. This study may conclude that effective leaders can positively influence trust and meaning within followers, and in turn so motivate them to be willing to remain in the organization.

According to the study done by Lee and Ahmad (2008), the leader's directive, participative and supportive behaviours were found to have positive and significant relationship with organizational commitment.

Learning and Development

Learning and Development are common form of capital investment for individual and organizational improvements (Chew and Chan, 2007) to prepare the organization for the future (Wood and De Menezes, 1998). Literatures have shown that employee empowerment through training activities not only help to develop these employees but also help to enhance their commitment to the organization (Bassi and Van Buren, 1999).

Studies have confirmed and supported both positive and significant association between training opportunities and practices and employee commitment (Karia & Assari, 2006 and Barlett, 2001). Ahmad and Bakar (2003) found that training plays a critical part in improving organizational commitment. The empirical analysis of the study indicated that the effect of training practices on organizational commitment was significantly correlated to the employee commitment.

The result of the study done recently by Nkosi (2015) in a Local Municipality in South Africa confirmed that training impact positively and significantly on the commitment of employees.

Owoyemi et al., (2011) investigated the relationship between training, learning and development to commitment in a study of a financial firm based in South Western of Nigeria. The analysis revealed some evidence that a positive statistical significant relationship between the different levels of training and employee's commitment to the organization. The result is consistent with other research and findings on the relationship between training and employee' commitment to the organization.

Conceptual Framework

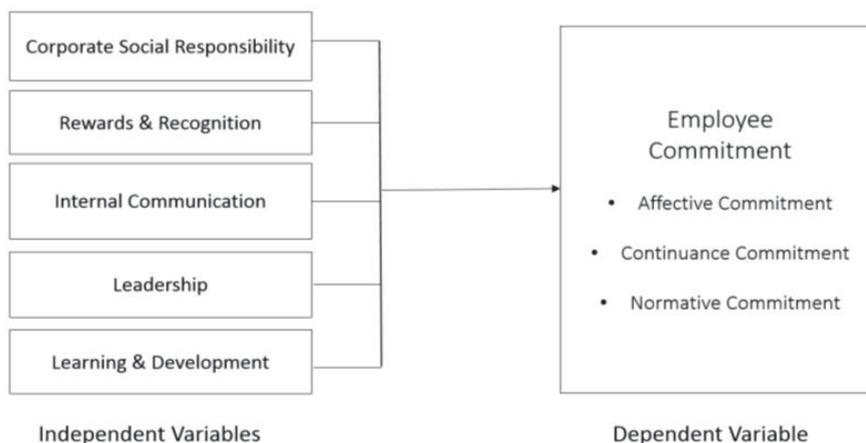


Figure 1: Conceptual Framework

The Objective of the Study

The study attempts to accomplish the following objectives on employee commitment in Berjaya:

1. To explore the factors influencing employee commitment in Berjaya Group of Companies.
2. To examine the influence of independent factors towards employee commitment.

Research Questions

The current study is thus conducted to address the following research questions:

1. What are the factors that influence employee commitment in Berjaya?
2. What the influence of the independent factors towards employee commitment?

Hypothesis

- H₁ CSR has significant influence on employee commitment;
- H₂ Rewards and Recognition have significant influence on employee commitment;
- H₃ Internal Communication has significant influence on employee commitment;
- H₄ Leadership has significant influence on employee commitment;
- H₅ Learning and Development has significant influence on employee commitment.

RESEARCH METHODOLOGY

Research Design

This study adopted research design to study the effects of five independent variables namely CSR, rewards and recognition, internal communication, leadership, learning and development on employee commitment as dependent variable. The data was collected from primary sources. A questionnaire contained 32-items which help in identifying the impact of each factor on employee commitment was administrated. There are a total of 2,598 middle managers and junior executives in Berjaya. Based on the sample size determination using Krejcie and Morgan (1970) Table, the sample size of 335 is recommended for the survey. Hence, 400 hard copies of questionnaires were distributed via Human Resource Manager or Head of Operating companies. A total of 336 usable survey questionnaires were returned leaving a response rate of 84% which is acceptable to make this study rigorous and generalizable.

Research Instrument

The research instrument that was used by this study is questionnaire. The questionnaire consists of three sections. Section A is used to collect the demographic information from the respondents. Section B is used to measure dependent variable, employee commitment and Section C is used to measure the independent variables: corporate social responsibility, rewards & recognition, internal communication, leadership and learning and development.

The questions used the four-points Likert Scale to measure the respondents' perception on the influence of the five factors on employee commitment.

Data Analysis

Statistics Package for Social Science (SPSS version 20) will be used to process the results. Exploratory Factor Analysis will be used to explore the five factors influencing employee work commitment in Berjaya. In this analysis, Kaiser-Meyer-Olkin measure of adequacy (KMO) will be used to test for sampling adequacy which is the absence of multicollinearity among the variable (Kaiser, 1970).

To examine the influence of independent factors towards employee commitment, Regression Analysis is used to predict the level of another by use of the straight-line formula. Multiple Regression analysis is used in a situation where one independent variable is hypothesized to affect one dependent variable (Sekaran & Bougie, 2010).

Descriptive statistics are used in this study to describe the basic features of the data. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data. Each descriptive statistic reduces lots of data into a simpler summary like frequencies, measure of central tendency, means and dispersion (Sekaran & Bougie, 2010).

RESULTS

Descriptive Analysis

Table 1: Profile of Respondents

Attributes	Groups	Frequency	Percentage
Gender	Female	213	63.4
	Male	123	36.6
Age	<30	77	22.9
	30-40	153	45.5
	>40-50	79	23.5
	>50	27	8.0
Marital status	Single	141	42.0
	Married	189	56.3
	Divorced	6	1.8
Education	Secondary	56	16.7
	Tertiary	264	78.6
Monthly salary	RM1000-5000	185	55.1
	RM50001-10000	134	39.9
	RM10001-15000	13	3.9
	RM15001 and above	4	1.2
Years of service	< 1 year	41	12.2
	1-2 years	101	30.1
	> 2 – 5 years	62	18.5
	> 5 – 10 years	31	9.2
	> 10 years	101	30.1

Table 1 shows that majority of the respondents are female (63.4%) while 36.6% are males. In term of age group, majority (45.5%) of the respondents are aged between 30-40 years old. 40-50 years old are the second most age group which is 23.5% (79 respondents). While the respondents' age which falls under below 30 accounted for 22.9% (77 respondents). The least age group of the respondents is 50 years old and above which is 27% (8 respondents). There are 189 respondents (56.3%) who are married, 141 (42%) who are singles while 6 respondents (1.8%) are divorced. 264 respondents (78.6%) who have tertiary education, 56 respondents (16.7) who studied until secondary school and 16 respondents (1.8%) who are post graduates. There are 185 respondents (55.1%) earning RM1000-5000 per month, 134 respondents (39.9%) earning RM5001-10000 per month, 13 respondents (3.9%) earning RM10001- 15,000 per month and 4 (1.2%) respondents earning more than RM15001 per month. It is interesting to observe that 30.1% (101) of the respondents are from 1 – 2 years and more than 10 years respectively. There are 41 (12.2%) respondents have been working in Berjaya for less than 1 year, 62 respondents (18.5%) who have been working in Berjaya between 2 – 5 years, 31 (9.2%) respondents has been working in Berjaya for more than 5 – 10 years.

Exploratory Factor Analysis

Table 2: KMO and Bartlett Test of Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.909
Bartlett's Test of Sphericity	Approx. Chi-Square	3407.605
	Df	190.000
	Sig.	.000

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy value of 0.909 exceeds the recommended value of 0.50 as practically significant loading factor [Hutcheson and Sofroniou (1999)]. Bartlett's Test of Sphericity was also highly significant ($p < 0.05$) indicating the 5 factors are significant and has influence on employee commitment.

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.607	38.033	38.033	7.607	38.033	38.033	3.896	19.478	19.478
2	1.878	9.389	47.422	1.878	9.389	47.422	2.849	14.244	33.723
3	1.685	8.424	55.846	1.685	8.424	55.846	2.654	13.269	46.991
4	1.189	5.947	61.793	1.189	5.947	61.793	2.250	11.249	58.240
5	1.127	5.634	67.427	1.127	5.634	67.427	1.837	9.187	67.427
6	.824	4.121	71.548						
7	.694	3.468	75.016						

Total variance explained for this study is 67.42 % indicating the data collected are adequate. As a result of the factor analysis conducted, five factors (Leadership, Internal Communication, CSR, Rewards & Recognition and Learning & Development) were identified and had significant influence to the employee commitment.

Regression Analysis

Table 4: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.387	5	8.277	89.066	.000 ^b
	Residual	30.669	330	.093		
	Total	72.056	335			

a. Dependent Variable: Employee's Work Commitment

b. Predictors: (Constant), BART factor score 5 for analysis 1, BART factor score 4 for analysis 1, BART factor score 3 for analysis 1, BART factor score 2 for analysis 1, BART factor score 1 for analysis 1

Table 4 shows the F value of 89.07 which is significant and good fit for the data as $p=0.000$ is less than 0.05. The construct of the framework is correct. This means there is significant influence of the 5 factors to employee commitment.

Table 5: Model Summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.758 ^a	.574	.568	.30485	1.881

a. Predictors: (Constant), BART factor score 5 for analysis 1, BART factor score 4 for analysis 1, BART factor score 3 for analysis 1, BART factor score 2 for analysis 1, BART factor score 1 for analysis 1

b. Dependent Variable: Employee's Work Commitment

As shown in Table 5, The R value is 0.758; therefore there is a positive correlation between the dependent variable and the 5 independent variables taken together. Whereas the adjusted R-squared coefficient for this model is 0.568 meaning that 56.8% of the variance in employee work commitment has been significantly influenced by the five independent variables. However, there are 43.2% of the variance remain unexplained in this study.

Durbin-Watson is to test the presence of serial correlation among the residuals, the residual are not correlated if the Durbin-Watson statistic is approximately 2. With Durbin-Watson statistic of 1.881 as shown in Table 5 is acceptable as the acceptance range is 1.5 to

2.5. As a result of the regression model conducted, the five independent variables will significantly influence towards employee commitment.

Table 6: Coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.791	.017		167.843	.000		
LEADERSHIP	.140	.017	.302	8.405	.000	1.000	1.000
CSR	.168	.017	.363	10.103	.000	1.000	1.000
REWARD & RECOGNITION	.178	.017	.384	10.694	.000	1.000	1.000
LEARNING & DEVELOPMENT	.177	.017	.381	10.610	.000	1.000	1.000
INTERNAL COMMUNICATION	.113	.017	.243	6.760	.000	1.000	1.000

a. Dependent Variable: Employee's Work Commitment

Table 6 illustrates the coefficients results between the independent variables and employee commitment. The beta value of the five factors are all positive, this means that every unit increase in the five factors is associated with an increase in employee commitment. The table also indicates the VIF value of 1 which is less than 10 and Tolerance value of 1 which is more than 0.1. This means all variable should not be removed. The significant level is less than 0.05 indicating the five independent variables influence employee commitment. Therefore, the results show that the five factors have significant influence towards employee commitment.

CONCLUSIONS AND RECOMMENDATIONS

This study found that corporate social responsibility, rewards and recognition, internal communication, leadership and learning and development have significant influence on employee commitment in Berjaya.

The findings of this study have practical implication to Group Human Resource Division when developing human resource strategic plan for Berjaya Group. It is recommended that Group Human Resource to consider the five factors that influence employee commitment to develop the human resource strategic plan. The plan should also take into consideration the factors that influence different generation due to the age different.

To increase employee commitment level for General Y, more learning and development program can be conducted to enhance their knowledge, skills and attitude. Whereas, for generation X, Supervisory or Leadership Program can be conducted to enhance their leadership skills to manage and lead the younger generation as they seek for direction from their supervisor in their work.

Corporate Social Responsibility activities can be organized more frequently to encourage participation from the employees and thus improve employee engagement.

As rewards and recognition have significant influence in employee commitment, Group Human Resource Division needs to review and modify the reward strategy to be competitive with the market to retain employees and attracts talent to join Berjaya.

Future study could analyse other factors that have influence on employee commitment. The result can help and support Group Human Resource Division to develop different strategies for different generations based on the factors that have significant influence on employee commitment.

REFERENCES

- Allen, N. J., & Meyer, J.P. (1990). The measurement and antecedents of affective, continuance and normative commitment to the organization. *Journal of Occupational Psychology*, 63(10), 1-18.
- Ali, R., & Ahmad, M.S. (2009). The impact of reward and recognition programs on employees' motivation and satisfaction: an empirical study. *Internal Review of Business Research Papers*, 5(4), 270 – 279.
- Albinger, H.S., & Freeman, S.J. (2000). Corporate social performance and attractiveness as an employer to different job seeking populations. *Journal of Business Ethics*, 28(3), 243-253.
- Bartlett, K.R. (2001). The relationship between training and organizational commitment, a study of health care field. *Human Resource Development Quarterly*, 12(4), 325-352.
- Cavana, R. Y., Delahaye, B.L., & Sekaran, U. (2001). *Applied Business Research: Qualitative and Quantitative Method*. Sydney: John Wiley & Son.
- Carroll, A.B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497-505.
- Chew, J., & Chan, C. (2008). Human resource practices, organizational commitment and intention to stay. *International Journal of Manpower*, 29(6), 503-522.
- Clampitt, P., & Downs, C. (1993). Employee perceptions of the relationship between communication and productivity. *Journal of Business Communication*, 30(1), 5-28.
- Guest D., & Conway N. (2002). Communicating the psychological contract: An employer perspective. *Human Resource Management Journal*, 12(2), 22-38.
- Kaiser, H.F. (1970). A second generation Little Jiffy. *Psychometrika*, 35, 401-415.
- Hutcheson, G.D, & Sofroniou, N. (1999). *The Multivariate Social Scientist: An Introduction to Generalized Linear Model*. Sage Publications.

- Karia, N., & Asaari, M.H.A (2006). The effects of total quality management practices on employee's attitude. *The TQM Magazine*, 18(1), 30-43.
- Leary, M.R. (2004). *Introduction to Behavioral Research Methods*. USA : Pearson Education, Inc.
- Lee, H.Y., & Ahmad, K.Z. (2009). The moderating effects of organizational culture on the relationships between leadership behavior and organizational commitment between organizational commitment and job satisfaction and performance. *Leadership & Organizational Development Journal*, 30(1), 53-86.
- Malhortra, N., Budhwar, P., & Prowse, P. (2007). Linking rewards to commitment: An empirical investigation of four UK call centres. *International Journal of Human Resource Management*, 18(12), 2095-2128.
- McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review*, 26, 117-127.
- Meyer, J.P., & Herscovitch, L. (2001). Commitment in the workplace: Toward a general model. *Human Resource Management Review*, 11(3), 229-326.
- Meyer, J.P., & Allen, N. (1997). *Commitment in the Workplace: Theory, Research, and Application*. Thousand Oaks, CA: Sage.
- Ngodo, O.E. (2008). Procedural justice and trust: The link in the transformational leadership-organizational outcomes relationship. *Int. J. Lead. Stud.*, 4(1), 82-100.
- Paul, A.K., & Anantharaman, R.N. (2004). The Influence of HRM practices on organizational commitment study among software professionals in India. *Human Resource Development Quarterly* 15(1), 77-88.
- Peterson, D.K. (2004). The relationship between perceptions of corporate citizenship and organizational commitment. *Business and Society*, 43(3), 269-319.
- Sauders, M.N.K, Lewis, P., & Thornhill, A. (2015). *Research Methods for Business Students*. Essex: Pearson.
- Sekaran U., & Bougie R. (2009). *Research Methods for Business: A Skill-Building Approach (Fifth Edition)*. West Sussex: John Wiley & Sons Ltd.
- Turban, D.B., & Greening, D.W. (1997). Corporate social performance and organizational attractiveness to prospective employees. *Academy of Management Journal*, 40(3), 658-673.
- White, C., Vane, A., & Stafford. (2010). Internal communication, information satisfaction, and sense of community: The effect of personal influence. *Journal of Public Relations Research*, 22, 65-84.