

THE MODERATING ROLE OF POWER DISTANCE ON THE RELATIONSHIP BETWEEN PERCEIVED ORGANIZATIONAL SUPPORT AND ORGANIZATIONAL COMMITMENT

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ABSTRACT

This study investigates the moderating role of power distance culture on the relationship between perceived organizational support (POS) and organizational commitment. The effect of value congruence and national culture upon organizational commitment were also been examined. The research was conducted using a mixed methodology. The data was analyzed using Partial Least Squares (PLS) technique and tested using data collected from 319 employees of Malaysian medium enterprise. Power distance culture is found to be an important moderator of the relationship between POS and normative commitment. Power distance and in-group collectivism found to have different impact towards organizational commitment while value congruence related to continuance commitment.

Keywords: perceived organizational support, organizational commitment, power distance, Partial Least Square (PLS)

1.0 INTRODUCTION

The organizational commitment, which was drawn from psychological attachment of an employee with the organization for which he or she works, has implication whether or not an employee will choose to remain with the organization. In an interest of improving organizational commitment, which in turn could reduce employee turnover, the key antecedents of perceived organizational support (POS) and how this will enhance employees' commitment need to be addressed. This research also proposed that power distance culture could act as a moderator variable of the relationship between POS and organizational commitment.

2.0 BACKGROUND

Eisenberger, Huntington, Hutchison and Sowa (1986) referred perceived organizational support (POS) to the degree to which employees perceive their employer to be concerned with their well being and to value their contributions to the organization. According to Eisenberger et al. (1986), such perception plays a key role in influencing employees' behavior and attitudes

towards their organization. On the basis of the reciprocity norm, employees will feel obligated to care about their organization's welfare and this could be fulfilling through organizational commitment (Eisenberger et al., 1986; Mowday, Porter & Steers, 1982; Wayne, Shore & Liden, 1997). Even though there is an extensive literature with respect to POS and organizational commitment, there has not been much research done in small and medium enterprises especially in the non-western context. Cohen (2003) reported most of the research related to commitment had been implemented in the western setting. Given the fact that small and medium businesses have unique characteristics such as limited financial resources to provide financial incentive to employees, there is a need for understanding the conditions affecting the employees' perception about their organization's support towards them and their resulting commitment.

POS can play a role as one source of support that may help employees deal with low value congruence. In POS, through a social exchange process, employees interpret the actions of management and reciprocate in kind. POS for example through support given by the supervisor may help foster the value congruence among employees (Erdogan, Kramer & Liden, 2004; Rhoades, Eisenberger & Armeli, 2001; Shore & Tetrick, 1991). Therefore, this study also attempts to understand how POS will influence the value congruence between the employee and the organization. The effect of value congruence towards organizational commitment will also be examined in this study.

This study will also look at the forms of commitment in the context of Malaysian culture of power distance and in-group collectivism perspective. Furthermore, this study will explore the moderating effects of power distance culture on the relationship between POS and organizational commitment among employees of medium enterprises. Previous studies conceptualized that perceptions of justice depend on culture as the process through which employee outcome effects occur (Yang, Mossholder & Peng 2007; Begley, Lee, Fang & Li, 2002; Lam, Schaubroeck & Aryee, 2002). In the context of POS and organizational commitment, leader-subordinate relationships could explain how power distance could play a role as a moderating factor between these variables. Further, from the relational model of authority perspectives Begley et al. (2002) suggested that high power distance prohibits employees from building close relationships with superiors and thus will limit favor and obligation. Without this relationship, employees will feel insecure in their relationship and thus will place more attention on how their employers value their contribution. Therefore, in high power distance culture, it is expected that POS will greatly affect employee's response towards both affective and normative commitment.

2.0 RESEARCH MODEL AND HYPOTHESIS

A research model based on extensive literature review and fine tuned via a field study was proposed and presented in Figure 1 (see the statement in Table 2). Through the interviews, it is suggested that POS would have impact on three types of organizational commitment (H1a, H1b, H1c) (Reid, Allen, Riemenschneider & Armstrong, 2008; Meyer, Stanley, Herscovitch & Topolnytsky, 2002; Albrecht & Traveglione, 2003; Rhoades & Eisenberger, 2002). It is suggested that POS to have impact on the value congruence of the employees (H2) (Rhoades & Eisenberger, 2002; Shore & Tetrick, 1991). In addition, value congruence of the employees would affect employees' affective, normative and continuance commitment (H3a, H3b, H3c) (Meyer & Herscovitch, 2001).

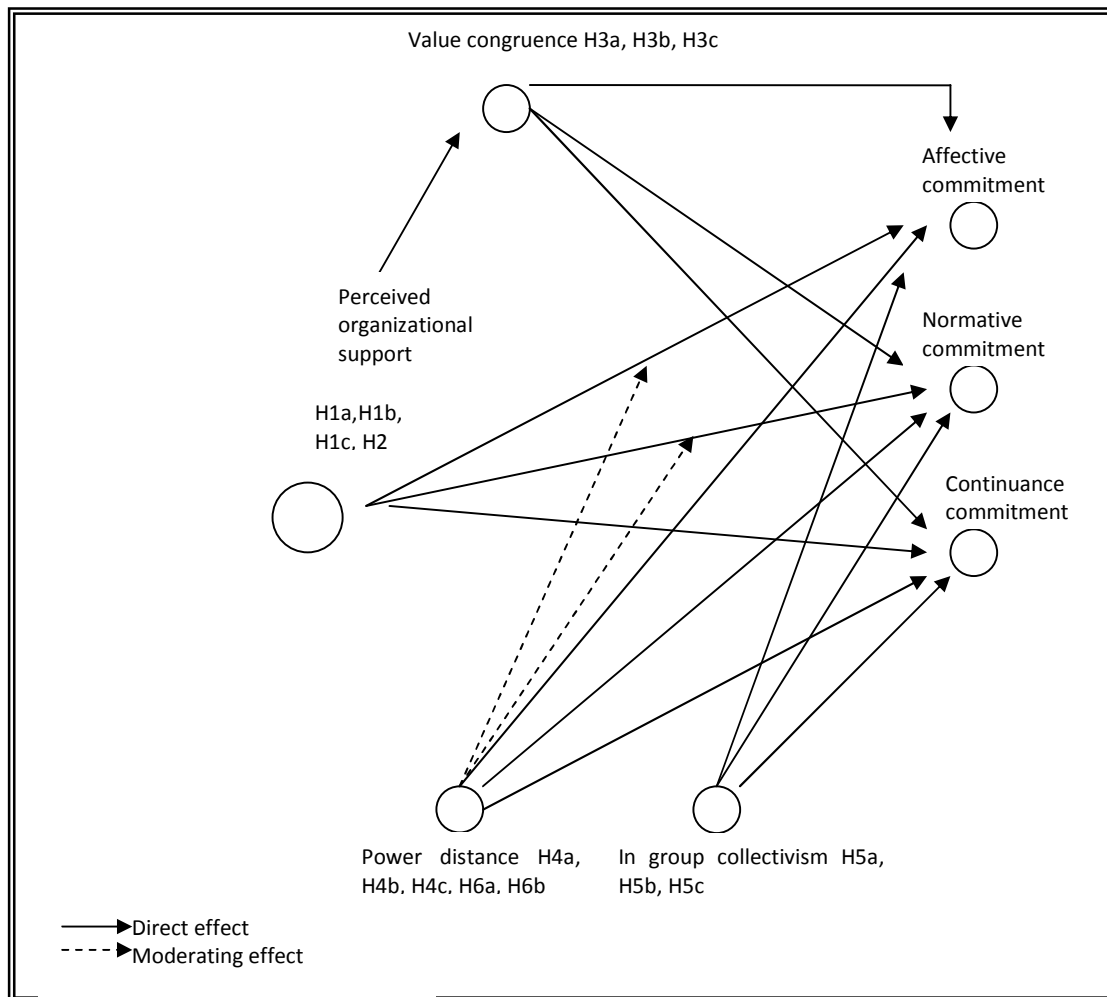


Figure 1: The research model

National culture was also proposed to have an impact on organizational commitment. Power distance was believed to have a negative impact on three types of organizational commitment (H4a, H4b, H4c) (Fisher & Smith, 2006; Farh, Earley & Lin, 1997; Rowlinson, 2001; Brochner & Hesketh, 1994; Clugston, Howell & Dorfman, 2000). In contrast, in-group collectivism culture was identified to be influential in affecting employees organizational commitment (H5a, H5b, H5c) (Hwang & Kim, 2007; Clugston et al., 2000; Wasti, 2002). It is also suggested that power distance would affect the capacity of POS to have an impact on only affective and normative commitment (H6a, H6b).

3.0 RESEARCH METHOD

This research uses a mixed methodology approach (Tashakkori & Toddle, 1998). A tentative research model was proposed in the first stage through extensive literature review and fine-tuned via a field study with ten employees and human resource practitioners from two medium enterprises. The details of the field study can be found in Wahab, Quaddus and Nowak (2009). A comprehensive model was thus produced combining the tentative research model and

the results of the field study. In the second stage, a preliminary research question was developed based on the combined research model. The questionnaire was then back-translation and then pilot tested among 30 employees of one medium enterprise in Malaysia. Based on the pilot testing, poorly worded and ambiguous questions were reworded. In the main survey, data was collected from employees of medium enterprise in manufacturing sectors in Malaysia. A total of 1000 questionnaires were distributed to ten medium enterprises. The data of the main survey were analyzed via partial Least Square (PLS) and the results will be presented in section 4.

The short version of 17 items scale developed by Eisenberger et al (1986) was used to measure perceived organizational support. The value congruence construct was measured using four items scale adapted from Becker, Billings, Eveleth and Gilbert (1996). The three dimensions of organizational commitment (affective, normative and continuance commitment) were assessed by Meyer, Allen and Smith (1993). All three types of commitment contain six items respectively. The national culture construct for this study was measured with the power distance and in-group collectivism. The in-group collectivism construct was measured using five items scale adapted from House, Javidan, Dorfman and Gupta, (2004) study. Finally the power distance construct was measured based on the eight dimension adapted from House et al, (2004) and Konig, Steinmetz, Frese, Rauch and Wang, (2007).

4.0 RESULTS

4.1 Demographic information

Out of 1000 survey questionnaires sent to ten medium enterprises in Malaysia, 319 valid questionnaires had been identified reflected a useable response rate of 31.9%. Majority of the respondents were male (61.1% male, 38.9% female). Most of the respondents (49.2%) were between 21 and 30 years old. 95 % of the respondents had at least secondary school level of education. In addition most of the respondents (67.7%) had one to five years experience working with the current company. Of the total of 319 respondents, 60.8 % worked as a general worker followed by the executive, supervisor and technician (30.4%) and respondents holding managerial or administrative positions (8.8%).

4.2 Data Analysis via Partial Least Squares (PLS)

The main survey data were analysed through Structural Equation Modelling (SEM) using PLS-Graph 3.0. The sample size of 319 satisfied the requirement for PLS analysis as suggested by Barclay, Higgins and Thompson (1995) and, Gefen, Straub and Boudreau (2000). This technique was selected because PLS can assess the measurement model and structural model simultaneously.

4.2.1 Measurement model

The measurement model was assessed by examining the following criteria: (1) The internal consistency reliability (ICR) must exceed 0.7 (Chin 1998). (2) All items should be statistically significant with loading 0.7 or higher. (3) The average variance extracted (AVE) should exceed the generally recognized 0.50 cut-off (Fornell & Larcker, 1981). As shown in Table 1, after removing variables with item loadings of less than 0.7, internal consistency reliability and AVE

values met the recommended threshold. All items loaded significantly on their respective construct at the level of 0.01.

The discriminate validity of the instrument was verified by examining the square root of the AVE as recommended by Fornell and Larcker (1981). The square root of AVE represented as the diagonal elements in the constructs correlation matrix should be greater than the off-diagonal elements in corresponding rows and column. In this study, none of the inter correlations of the constructs exceed the square root of the AVE of the construct (Table 1)

Table 1: Correlations between construct

	ICR	AVE	POS	VC	AC	NC	CC	PD	IGC
POS	0.93	0.64	0.80						
VC	0.80	0.67	0.60	0.82					
AC	0.88	0.70	0.71	0.48	0.84				
NC	0.88	0.64	0.52	0.38	0.52	0.79			
CC	0.87	0.63	0.46	0.45	0.53	0.55	0.79		
PD	0.81	0.59	-0.65	-0.42	-0.58	-0.56	-0.44	0.77	
IGC	0.88	0.79	0.72	0.51	0.58	0.47	0.44	-0.60	0.89
Notes: Bold diagonal elements are the square root of AVE for each construct Off-diagonal elements are the correlations between constructs									

4.2.2 Structural model

To assess the effects of moderating variables, two models were tested. Model 1 exclusive of interaction effects while model 2 with the moderating effect of power distance. A procedures described by Chin, Marcolin and Newsted (2003) was applied in formulating and testing interaction effects. The R^2 for model 1 and R^2 for model 2 were compared to assess the moderating effect strength of power distance. The overall effect size f^2 s for the interactions were calculated from the differences in R^2 s. Small, moderate and large effects require an f^2 of 0.02, 0.15 and 0.35 respectively (Cohen 1988). Table 2 summarized the PLS result of two models.

As shown in table 2, path coefficient regarding direct effect for H1a, H2, H3c, H4a, H4b and H4c were significant in both model 1 and model 2. Hypotheses H1b and H3b were partially supported while hypotheses H1c, H3a, H5a, H5b and H5c were not supported in both models. For model 1, the explained variance, R^2 for affective commitment was 0.539 indicating that affective commitment explained 53.9% of the variance. With the introduction of power distance as a moderator (model 2), R^2 increased to 0.540. However there was no significant moderating effect of power distance on the relationship between POS and affective commitment. With regard to normative commitment, the explained variance, R^2 for model 1 was 0.364 indicating that normative commitment explained 36.4% of the variance. With the introduction of power distance as a moderator (model 2), R^2 increased to 0.411 with an effect size of 0.07 indicating a small to moderate effect.

Table 2: PLS results for the two models

			Model 1		Model 2
		Std path coe	t-value	Std path coe	t-value
H1a	POS will be positively related to affective commitment (AC)	0.501	5.552***	0.491	5.3365***
H1b	POS will be positively related to normative commitment (NC)	0.163	1.671*	0.108	1.2101
H1c	POS will be positively related to continuance commitment (CC)	0.096	0.906	0.096	0.9063
H2	POS will be positively related to value congruence (VC)	0.608	14.912***	0.602	14.9307***
H3a	Value congruence has a positive relationship with AC	0.060	1.181	0.070	1.3360
H3b	Value congruence has a positive relationship with NC	0.087	1.476	0.144	2.7252**
H3c	Value congruence has a positive relationship with CC	0.236	3.463***	0.236	3.4632***
H4a	Power distance (PD) is negatively related to AC	-0.178	2.406**	-0.167	2.2684*
H4b	Power distance (PD) is negatively related to NC	-0.367	5.283***	-0.299	4.2586***
H4c	Power distance (PD) is negatively related to CC	-0.204	2.678**	-0.204	2.6768**
H5a	In-group collectivism (IGC) is positively related to AC	0.085	1.089	0.082	1.0305
H5b	In-group collectivism (IGC) is positively related to NC	0.086	1.277	0.063	0.9784
H5c	In-group collectivism (IGC) is positively related to CC	0.065	1.214	0.095	1.2137
H6a	Power distance moderate the relationship between POS & AC (POS*PD→AC)			0.041	0.6484
H6b	Power distance will moderate the relationship between POS & NC (POS*PD→NC)			0.245	4.7569***
R ² (ac)			0.539		0.540
f ² (ac)					0.002
R ² (nc)			0.364		0.411
f ² (nc)					0.07
R ² (cc)			0.307		0.307
Notes: * p<0.05, ** p<0.01, *** p<0.001,					
Model 1 : Main effect					
Model 2: Interaction effect model					
$f^2 = [R^2(\text{interaction effect model}) - R^2(\text{main effect model})] / [1 - R^2(\text{main effect model})]$					

5.0 DISCUSSIONS

The findings resulting from the study of POS towards organizational commitment in Malaysian medium enterprises suggested that POS have a positive relationship with affective commitment. This suggested that support given by the organization is interpreted by employees as respect by their employer which in turn could increase their sense of belonging in the organization. With regard to the relationship between POS and normative commitment the employees of medium enterprise suggested that perception of support given by the organization would lead to the feeling of obligation to continue employment in the organization. However when moderating effect of power distance is tested in this relationship, POS was not significantly associated with normative commitment. POS was also not found to have a significant relationship with continuance commitment in this study. This result is in line with the findings of Rhoades and Eisenberger (2002) and Aube, Rousseau and Morin (2007) that showed a non-significant relationship between POS and continuance commitment.

POS was found to have a positive association with value congruence. This implies that POS might act as one source of support that may help employees deal with lower value congruence (Rhoades & Eisenberger, 2002; Shore & Tetrick, 1991). Inconsistent with prior studies (Somers, 1993; Slocombe & Bluedorn, 1999; McConnell, 2003) value congruence was not found to have a significant influence on affective and normative commitment. Employees in this study pronounced their individuality by reporting differences between their own and their organization's values especially towards affective and normative commitment. However, value congruence was found to be significantly associated with continuance commitment. In the case of continuance commitment, especially in view of no other job alternatives outside, employee might try to match their personal values with those of the organization and thus will likely to result in continuance commitment.

Result of this study also suggested that national culture influences employee's commitment to organization. Consistent with prior studies (Rashid, Sambasivan & Johari, 2003; Rowlinson, 2001), this study recommended that employee in high power distance culture show low levels of affective, normative and continuance commitment. The findings of this study suggested that high power distance culture such as did not encourage employees to give suggestions could reduce the feeling of affective, normative and continuance commitment. However the influence of in-group collectivism was found to be insignificant in this study, which inconsistent with previous studies (Wasti, 2002; Clugston et al., 2000). One possible explanation is that due to the size of medium company, the relationship between employees and employers become personalized and less emphasized is given to expression of pride in the organization compared to larger companies.

Contrary to the hypothesis, the findings revealed that power distance does not influence the capacity of POS to have an effect on affective commitment. However, this study supported the argument that power distance can play a role as a moderator between POS and normative commitment. Thus, this study suggested that medium enterprise that practice high power distance culture could increase the possibility of employees becoming more aware of how support is given to them, which in turn could make them obligated to the organization. In line with Yang et al. (2007) and Begley et al. (2002), proposition that leader-subordinates relations are central to power distance relationships between justice and employees outcomes, this study supported the view that perceptions of support depend on the level of power distance as the

process through which the normative commitment effect occurs. Those higher in power distance, who have more distant relationships with superiors could be more aware of how support is given to them and thus make them obligated to the organization.

6.0 CONCLUSIONS

This result of the study suggested that medium enterprise should place more emphasis on employee support perception to make employee committed to the organization. Factors such as value congruence are also important in promoting continuance commitment. The findings of this research also extend culture literature by showing that power distance can act as a moderator of the relationship between POS and normative commitment

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