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## An Empirical Study on Factors Affecting Organizational Commitment Among Generation X

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### Abstract

The biggest challenge faced by organizations is the changes in workers' work attitudes and behaviors. Thus this study aims to determine the factors affecting the Generation X employees' organizational commitment. 300 Generation X workers participated in this study. Partial least squares (PLS), was employed to examine the structural model and the measurement model for the constructs. Findings of this study reveal that training and development, organizational justice, task orientation, knowledge sharing and compensation and incentives are significantly affecting Generation X workers' organizational commitment. This study has suggested some recommendations and opens way for future research.

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*Keywords:* Generation X; Knowledge Sharing; Organizational Justice; Organization commitment; Task Orientation; Training and Development

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### 1. Introduction

Today, the generations X workers in most of the company are portray as experienced workers who may holding uppermost position such as senior manager or key person who involve in decision making of company strategic matters. Moreover, in this era many knowledge workers such as teachers, IT software designers, lawyers, engineers, lawyers, and others are members of generation X. This generation X workers are playing critical role in building

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organization's sustainability to compete with competitors in marketplace (Amar, 2002).

A finding from the recent survey indicated that the employee turnover rate in Malaysia was in increasing trend which the rate increased from 12.3 percent to 13.2 percent in year 2013 (Towers Watson, 2014). Malaysia is labelled as a young country where generation X and Y workers make up almost 90 percent of the total workforce. Thus, generation X workers who act as pillar holder and knowledge workers in Malaysia corporates are found highly mobile in their jobs because they are changing their jobs frequently as way of career advancement (Yigitcanlar, Baum & Horton, 2007). Organizational commitment among workers can be improved through better understanding and fulfilling their needs. Therefore, the main objective of this study is to identify the major determinants which influence the workers' organizational commitment.

## **2. Literature Review**

### *2.1 Generation X*

As indicated by Chen and Choi (2008) the composition of today's workforce is evolving. Employees who are born in the same year with distinctive group is known as generational diversity. Sirias, Karp and Brother ton (2007) mentioned that the Gen X employees focused much on extrinsic rewards, very faithful to people and self-oriented.

### *2.2 Organizational Commitment*

Buchanan (1974) believes that organizational commitment is bonding between the employee and the organization. This is where it will link and attach employees to the organization which is known as affective behavior and attitudes. A study conducted by Boles et al., (2007) showed that there is a positive relationship between valuable organizational outcomes and affective organizational commitment. Factor such as benefits and compensation strongly affect an employee's commitment in an organization (Ferres, Travaglione, and Firms, 2001).

### *2.3 Compensation and Incentives*

The primary tool to enhance the organisational commitment is compensation and incentives as supported by Dulebhon, Ferris, and Stodd (1995). Another supported evidence from Ishigaki (2004) explained that employees will be more committed and attached to the organisation if they are fairly rewarded for their effort at work which in return the organisation will be able to achieve higher retention rate. In the same study, Hinkin and Tracey (2000) mentioned that there is a direct relationship between employees' retention and organizational commitment.

H1: Compensation and incentives have significant relationship with the organizational commitment among Gen X workers.

### *2.4 Knowledge Sharing*

Polanyi (1969) term knowledge sharing as a transfer of information within an organisation which involves subjective insights, intuitions, hunches, and know-how. Kogut and Zander (1993) make the point that organisational competitive and capability depends on the effectiveness in transforming the knowledge in an organisation. People will share their knowledge if they find that those information is beneficial to an organisation as supported by Hall (2001).

H2: Knowledge Sharing has significant relationship with the organizational commitment among Gen X workers.

### *2.5 Task Orientation*

Task orientation has subdivided into task variety and task autonomy. Buys, Olckers and Schaap (2007) make the

point that task variety is one of the important tool for an organisation. They found that the task variety has a direct relationship with the organizational commitment. Hackman (1980) denotes the degree where one is given significant freedom and discretion in taking a task is known as task autonomy. Spreitzer (1996) explained is as an act as of an individual towards the work role which is practically different from empowerment. Findings found that task autonomy is positively related to employees' commitment in an organization (Price & Mueller,1981; Workman and Bommer, 2004).

H3: Task Orientation has significant relationship with the organizational commitment among Gen X workers.

### *2.6 Training and Development*

Human capital remains as the most important assets in an organisation (Olaniyan & Lucas, 2008). An organisation needs a group of skilled and knowledgeable human capital so that it can move forward in achieving the mission and vision of the organisation. Further to this, development and training play a major role in producing these group of human capitals. Abiodun (1999) explained that training is essential for the growth of the employees in an organisation and these developments are consists of knowledge, skill, ability and other requirements needed by the employees in performing their daily tasks. It is through training and development one can see the contribution from the employees to ensure that the organisation will be more effective and achieved desired profits. (Adeniyi, 1995). The success of an organisation always comes from the contributions of their employees. Olaniyan and Lucas (2008) mentioned that an organisational goals can be achieved if their employees are able to perform their given tasks.

H4: Training and development has significant relationship with the organizational commitment among Gen X workers.

### *2.7 Organizational Justice*

Organizational justice can be classified into procedural justice and distributive justice. Distributive justice has been defined by Greenberg and Baron (2003) as the perceptions the way decisions are made relating the distribution of outcome and the perceived fairness of those outcomes themselves. Teprstra & Honoree (2003) explained that the decision making procedure itself considered to be more critical than the actual amount of the compensation or benefit that is received by individual. There is a positive relationship between fair performance appraisal and commitment. (Folger & Cropanzano, 1998; Konovsky & Cropanzano ,1991)

H5: Organizational Justice has significant relationship with the organizational commitment among Gen X workers.

## **3. Methodology**

### *3.1 Sampling Method*

This study targeted Malaysian workers who borne from year 1965 to year 1980. Convenient sampling method was employed in this study however the distribution of questionnaires was done at various locations and different days to minimize bias. Total samples of 300 respondents were drawn from the various industries in Malaysia.

### *3.2 Survey Instruments*

The questionnaire in this study was developed by adapting measurement items from existing literatures as shown in Table 2 below. All the instruments were measured by five point Likert scale as follow: "1=Strongly Disagree, 2=Disagree, 3=Neither Agree or Disagree, 4=Agree and 5= Strongly Agree". The instruments used in this study were adopted from previous studies (Meyer & Allen, 1991; Pai, 2006; Agarwal & Ramaswami, 1993; Ansari, Hung & Aafaqi, 2000; Ahmad & Schroeder, 2003)

### 3.3 Data Analysis

All the collected data were first entered in statistical package of Social Science (SPSS) Version 21 and later the generated hypotheses were analyzed using Partial Least Square approach through Smart PLS M2 Version 2.0. Follow the two-step approach from Anderson and Gerbing (1988), measurement model was developed and followed by structural model. Besides that, bootstrapping method with the resample of 2000 was applied to determine the significance levels for loadings, weights and path coefficients of the construct (Chin,1998).

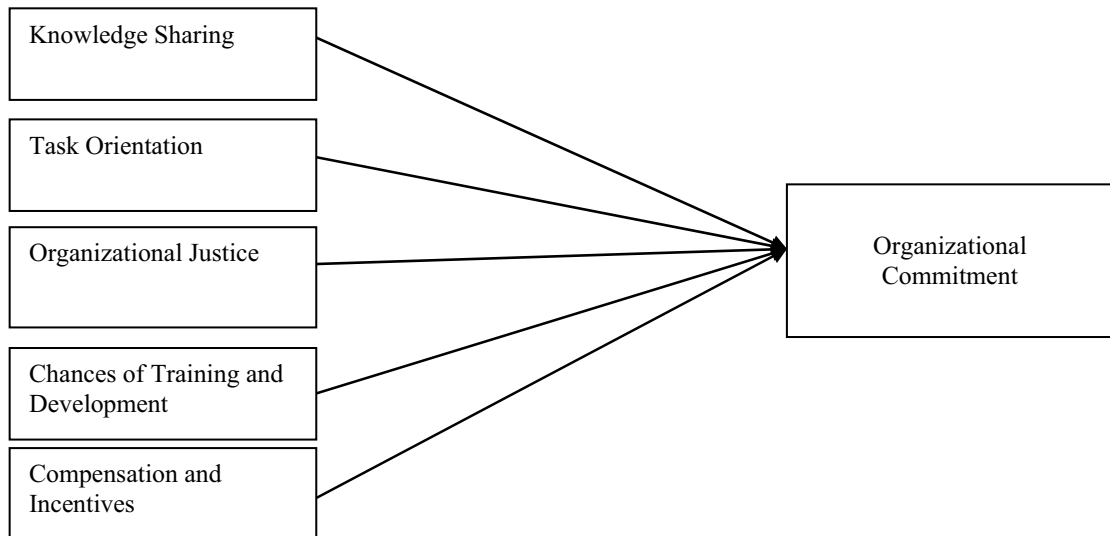


Figure 1 A Proposed Model

## 4. Results

### 4.1 Demographic profile

There was a balance between female and male respondents (50 percent) in this study and majority of them are at their age of 31-39 (61 percent). A clear majority of respondents (60 percent) was from Chinese followed by the race of Malay (25 percent) and 15 percent of Indian respondents. About 63 percent of the respondents are educated with minimum diploma or certificate level and almost 62 percent of them are working as executive level and above. Lastly, about 70 percent of the respondents have been engaged with the current employer for more than 5 years while 2 to 5 years (13.7 percent) and 17.3 percent less than 2 years. Most of the respondents were from the financial institute or consulting firms (19.7 percent), manufacturing sector (18.3 percent), service sector (16.3%), transportation or logistics (11.7 percent), retail and distribution sector (11percent) and followed by engineering sector (10.3 percent).

### 4.2 Measurement model

First, convergent validity and discriminant validity need to be tested in this stage to ensure all the measures are valid and reliable to be used in the model. Convergent validity of the construct can be ascertained if the factor loadings and average variance extracted (AVE) are more than 0.5 (Fornell & Lacker, 1981; Hair et al, 2010) and composite reliability (CR) above 0.7 as suggested by Nunnally (1978). As result shown in Table 1, all loadings and AVE of the construct are above 0.5 and CR value are more than 0.7. Thus, convergent validity for these construct is deemed established.

According to Fornell & Lacker (1981) discriminant validity between the construct was assessed by comparing the square root of the AVE with the correlations value among constructs. Results in the table 2 revealed that all the

correlations of the construct are less than the value of square root of the AVE which providing the evidence of adequate discriminant validity. In summary, all the tested measures reported satisfactory reliability and validity.

Table 1 Result of Measurement Model (n=300)

Construct	Item	Convergent validity		
		Factor loading	AVE	Composite reliability(CR)
Compensation & Incentives	CI1	0.979	0.918	0.978
	CI2	0.965		
	CI3	0.912		
	CI4	0.975		
Knowledge Sharing	KS1	0.905	0.940	0.987
	KS2	0.983		
	KS3	0.985		
	KS4	0.989		
	KS5	0.983		
Organization Justice	OJ1	0.961	0.919	0.978
	OJ2	0.953		
	OJ3	0.960		
	OJ4	0.960		
Training & Development	TD1	0.991	0.973	0.993
	TD2	0.991		
	TD3	0.993		
	TD4	0.969		
Task Orientation	TO1	0.981	0.939	0.984
	TO2	0.986		
	TO3	0.985		
	TO4	0.923		
Organization Commitment	OC1	0.968	0.905	0.987
	OC2	0.973		
	OC3	0.842		
	OC4	0.967		
	OC5	0.972		
	OC6	0.939		
	OC7	0.975		
	OC8	0.968		

Table 2 Discriminant validity of construct

Construct	1	2	3	4	5	6
1.Compensation & Incentives	<b>0.958</b>					
2.Knowledge Sharing	0.648	<b>0.969</b>				
3.Organization Commitment	0.857	0.747	<b>0.951</b>			
4.Organization Justice	0.730	0.648	0.830	<b>0.958</b>		
5.Task Orientation	0.593	0.667	0.722	0.625	<b>0.969</b>	
6.Training & Development	0.616	0.492	0.737	0.606	0.485	<b>0.986</b>

### 4.3 Structural model

Structural model is used to test the causal relationship among the constructs. Variance explained or  $R^2$  of the endogenous constructs is reflecting the goodness of the model and the path coefficients will indicate how well the data support a hypothesized model (Chin, 1998). As shown in table 3, the relationships between all independent variables (compensation and incentives, knowledge sharing, organization justice, task orientation, training and development) and organization commitment are all positively and statistically significant. Therefore, we can conclude that H1 to H5 were supported. At the same time,  $R^2$  was 0.892 which indicates that the independent variables explain 89.2% of the variance of organization commitment. In other words, it shows that factors that chosen in this study has relatively strong predictive power on Gen X's organization commitment.

Table 3 Summary of the structural model

Hypothesis	Relationship	Standardize Beta	Standard Error	t-value	Result
H1	Compensation & Incentives -> Organization Commitment	0.355	0.032	11.047**	Supported
H2	Knowledge Sharing -> Organization Commitment	0.145	0.030	4.908**	Supported
H3	Organization Justice -> Organization Commitment	0.246	0.034	7.220**	Supported
H4	Task Orientation -> Organization Commitment	0.153	0.026	5.979**	Supported
H5	Training & Development -> Organization Commitment	0.224	0.025	8.823**	Supported

Note: \*\* p <0.01

## 5. Discussion

Hypothesis 1 proposes that compensation and incentives are significantly relate with the organization commitment among Generation X workers, found support and obtaining the highest  $\beta$  value in the model (0.355). This study is consistent with previous literatures (e.g Benson & Brown, 2007; Feldman & Landsman, 2007) that have proven the compensation and incentives system had strong positive association with the organization commitment.

Hypothesis 2 which posits that knowledge sharing is significantly relates with Generation X worker's organization commitment. Results revealed support for this hypothesis and the finding is in line with study done by previous

researchers (e.g. Benson & Brown, 2007; Hall, 2001) have indicated that organizational commitment among the workers will be influenced by their enthusiasm to share their knowledge.

Hypothesis 3 which suggest that organizational justice is significant relates with the organization commitment is found significant and positively influence the Generation X workers' commitment. This finding confirms previous study (e.g. Meyer & Herscovitch, 2001).

As predicted, hypothesis 4 is found supported where task orientation is significantly relates to the organization commitment among the Generation X worker. The result is in line with several studies such as Glisson and Durick (1988) and Generation X workers might prefer to have the freedom to decide the task and assignment.

Finally, hypothesis 5 posits that Training and Development are significantly relates with organization commitment. Result indicates a positive and significant relationship between these two constructs. Align with the fact established by Huselid (1995) saying that Generation X workers are view importance of training and development in upgrading themselves to encounter the challenges in this increasing globalized and changing world of work. Furthermore Hellmen (2000) points out that by increasing the chances of training and development in organization will serve as an effective way to build the workers' organization commitment.

## 6. Conclusion

This research on the organizational commitment has focused on several aspects namely training and development, organizational justice, task orientation, knowledge sharing and compensation and incentives. The behavioral patterns of Generation X workers have clearly identified in this study. The results showed that all the five factors are significantly affecting Generation X workers towards organization commitment. The research has provided the valuable implications to all the organization and employers to retain their local workers especially Generation X workers rather than highly dependence on foreign workers. Somehow the nature of the study itself has caused the researchers some limitations. Most of the respondents were generally from financial and consultation industry, hence the environment factors might have been slightly different for these workers. Moreover, the sample size is also relatively small and only focus on Melaka state, but not across Malaysia. Therefore, future research needs to be carried out empirically to investigate further on the specific type of industry to get a better understanding of Generation X worker's attitudes or behaviours unique to each industry area. Furthermore, a comparison study on the same aspects between Generation X and Generation Y workers may able to further identify their attitudes and behaviours patterns.

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