

EMPIRICAL INVESTIGATION ON SALARY AND SUPERVISOR SUPPORT ON ORGANIZATIONAL COMMITMENT IN CONSTRUCTION INDUSTRY IN SRI LANKA

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Abstract

Commitment to the organization is an important behavioural dimension which can be utilized to evaluate employees' strength of attachment. This study is an attempt to identify the relationship between employees' salary and supervisor support with three forms of organizational commitment named as affective commitment, normative commitment and continuance commitment. Dependant variable of the study was organizational commitment and it was measured by using three dimensions namely normative commitment, affective commitment and continuance commitment and salary and supervisor support were considered as the independent variables. For the purpose of the study structured questionnaire were distributed among 75 executive employees at three largest construction companies in Sri Lanka and received 62 responses. Meyer & Allen's (1997) Organizational Commitment Questionnaire (OCQ) was used to measure organizational commitment. Six items regarding salary factors pertaining to level, benefits, raises, and structure/administration were selected from the Pay Satisfaction Questionnaire (Heneman & Schwab, 1985) and the questionnaire developed by Ramus & Steger (2000) was used to measure supervisor support. Correlations and regression analysis were applied to analyzed data. The statistical results of the study showed that a strong, significant relationship between both salary and supervisor support and three forms of organizational commitment. As compared with affective commitment, salary and supervisor support have great impact on continuance commitment and normative commitment.

Keywords: Continuance Commitment; Affective Commitment; Normative Commitment

1. Introduction

Organizational commitment was defined as “psychological state that binds the individual to the organization (Allen & Meyer, 1990). Allen & Meyer (1990) suggested, “Commitment is seen as a negative indicator of turnover.” In many studies, organizational commitment has been conceptualized as an individual's identification with and involvement in a particular organization. Typically an individual's organizational commitment comprises a belief in and acceptance of the organizations goals and values, a willingness to exert considerable effort on behalf of the organization, and a desire to maintain membership

with the organization (Mowday et al., 1982; Dunham, Grube, and Castaneda, 1994; Bishop, Scott and Burroughs, 2000).

To gain employees' commitment to an organization, the employer should identify which retention factors persuade organizational commitment. The idea that employers should retain and develop their human resource in order to obtain competitive advantage is one of the core beliefs of human resources literature (Deyoung, 2000; Storey 2000, Walton (1985) urged employers to change their employment practices from employee control to one of employee commitment. The goal is to reduce direct labour costs, or improve efficiency, by enforcing employee compliance with specific rules and procedures, and base employee rewards on some measurable output criteria (Eisenhardt, 1985; Walton, 1985).

Relating to commitment with turnover Steers (1977) conducted a comprehensive study developing a model to find out antecedents and outcomes of organizational commitment. Antecedents of organizational commitment are quite diverse in nature and origin (Steers, 1977). Opportunities to leave have a more important effect on turnover than any changes over time in one's commitment to organization (Marsh & Mannari, 1977). Improvements in commitment levels may have not only positive behavioural consequences, but according to the present results, the indirect outcome of increased employee satisfaction as well (Bateman & Stressed, 1984).

Outcomes of the feelings about work performance (commitment and satisfaction) as well as being in a job and organization that suits one's values and goals (via job-unit influence and work motivation) affect intentions to quit or stay (Stumpf & Hartman, 1984). Organizational commitment and turnover are both dynamic concepts (Cohen, 1993).

Importantly, organizational commitment is a strong predictor of intent to remain in the organization (Cohen, 1993; Bishop, Goldsby and Neck, 2002). Low organizational commitment is associated with increased turnover (Mathieu and Zajac, 1990). Despite the important role of organizational commitment for talent retention, to our knowledge there is lack of researches available that examines the relationship between organizational commitment and retention factors such as salary and supervisor support in construction industry in Sri Lanka.

Organizations can adopt a variety of tactics to retain their talent employees (Kupperschmidt, 2000; Swoboda, 1999) including increasing salary and benefits, promotions, supervisor support, opportunities to learn, special assignments, and status incentives, such as a cell phone or a car.

Most of the companies in the construction industry are highly consider about the employee retention and the how employees can be retained within their organization. Because the retention rate of employees in the construction field is high. Employee retention, productivity, quality and corporate financial success are characterized as high performance, high commitment strategies. Among the above employee retention strategies the researcher only focus that how two retention factors named Salary and Supervisor support effect on three forms of Organizational Commitment.

Modern society values acquisition. Salary offers an opportunity for security, autonomy, recognition and an improved self worth (Ho yt & Gerdloff, 1999). Igbaria and Greenhaus (1992) found salary to be positively related to Organizational Commitment and negatively related to turnover. Perceptions of fairness in salary have been shown to be positively linked to affective organizational commitment. Researchers have clearly

recognized the role of supervisory support in employee empowerment (Amabile, 1993; Spreitzer, 1995). For the purpose of this study, supervisor support refers to supervisory behaviours that sustain employee's innovation.

2. Objectives of the Study

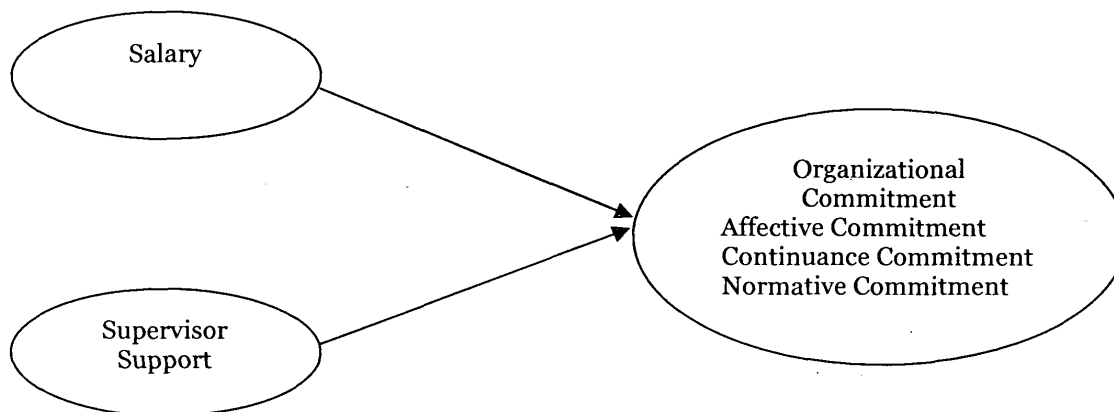
There are theoretical explanations in respect organisational commitment and retention factors. However, no substantive empirical study has been conducted to investigate the relationship between three forms of organisational commitment and salary and supervisor support in construction industry in Sri Lanka.

The general objective of this study is to find the relationship between three forms of organisational commitment namely affective commitment, continuance commitment and normative commitment and salary and supervisor support of construction industry in Sri Lanka.

3. Conceptual Framework

Based on the literature findings, the conceptual framework was constructed to show the relationship between independent variable and dependant variable.

Figure 1: Conceptual Framework



4. Hypotheses of the Study

Money is still the primary incentive used to attract employees. According to Higginbotham (1997), high salaries are essential and showed a strong correlation with intention to stay, indicating that as long as the salary is competitive, financial rewards are the primary factor in retention. Kochanski and Ledford (2001) support this statement, which indicates that the actual pay is important than feelings about pay raises and the process used to administer them. The research done by Schaubroeck et al., 1994 stated that perceptions of fairness in salary have been shown to be positively linked to three forms of organizational commitment. It appears that salary alone provides sufficient motivation for many employees. Salary offers an opportunity for security, autonomy, recognition and an improved self worth (Hoyt & Gerdloff, 1999). These increased feelings of self worth and importance should lead to affective commitment. Mathieu and Zajac (1990) indicate a positive correlation between salary and commitment. Igarria and Greenhaus (1992) found salary to be positively related to three forms of organizational commitment and negatively related to turnover. Perceptions of fairness in salary have also been shown to be positively linked to organizational commitment (Schaubroeck, May & Brown, 1994). Hence, in this study it is hypothesized that:

H_{a1}: Salary has a positive association with affective organizational commitment

H_{a2}: Salary has a positive association with continuance organizational commitment

H_{a3}: Salary has a positive association with normative organizational commitment

Joiner and Bakalis (2006) suggest that employees who perceive a friendly and supportive relationship with their supervisors will possess a strong positive commitment to their organizations. Support from the supervisor refers to the worker's perception that s/he is being supported by his immediate supervisor concerning the way of doing the job and his/her decision making (Brown & Leigh, 1996). Support from the immediate supervisor can be considered as a continuum with the extremes poles representing two opposing supervisory styles. At one end of the continuum is an inflexible and rigid style that reflects a lack of trust in the employee. At the other end of the continuum is a flexible style that allows workers to learn from their mistakes and utilize their creativity to resolve problems (Mercado, 2000). While Kahn (1990) argues that a rigid supervisory style negatively influences workers' motivation and commitment, Katz and Rosenzweigh (1998) suggest that adequate support from the supervisor encourages employees' positive attitudes and loyalty to the organization. Hence, in this study it is hypothesized that:

H_{b1}: Support from the supervisor has a positive association with affective organizational commitment

H_{b2}: Support from the supervisor has a positive association with continuance organizational commitment

H_{b3}: Support from the supervisor has a positive association with normative organizational commitment

5. Study Design and Methods

5.1 Population, Sample and procedures

The study limited to three construction companies in Central Province of Sri Lanka. Stratified Random Sampling method has been adopted to select sample organization and simple random sampling method is used to select respondents from each sampling units five companies have been selected from various parts of sampling area. It was decided to collect data from seventy five members of the selected sampling unit, entailing all level of employees. The study has number of ultimate respondent of 62. Needed data had been collected through questionnaire.

5.2 Measurements

There are many approaches to measure organizational commitment but in this study researcher uses three dimensions identified by Allen & Meyer (1990). Organizational commitment was measured by questionnaire (18 items: each dimension carries six questions) developed by the researcher after the review of literature and consultation with academicians. A five point Likert scale that range from "strongly disagree" (1) to strongly agree (5) was utilized to measure each of the organizational commitment dimensions. The Retention Factor Measurement Scale was developed by using items that originated from questionnaires that were designed to measure salary and supervisor support (Döckel, 2003). Six items regarding salary factors pertaining to level, benefits, raises, and structure/administration were selected from the Pay Satisfaction Questionnaire (Heneman & Schwab, 1985). The questionnaire developed by Ramus & Steger (2000) was used to measure supervisor support.

6. Results and Discussion

The sample of this study consists of seventy five executives of the three construction companies in Sri Lanka. But 56 executives only responded for the distributed questionnaires yielding 75% response rate.

Accordingly 71% of executives were in the age group of 25-33 years, while 56% of them were married. Educational attainment of the executives indicated that more than 59% possessed bachelor's degree. In addition 45% of them have professional qualifications in respective fields. 59% of manager's work experience in executive post was ranged from 1-3 years while 31% had 3-5 years of work experience.

Pearson Correlation Analysis was applied to find out the form of association between dependent and independent variables, second Multiple Regression Analysis was applied to investigate the extent of relationship.

6.1 Reliability Analysis

A reliability analysis was done to check whether each questionnaire measure the variables reliability. The Cronbach's Alpha value was measured for this purpose. According to the alpha value, the questionnaire was satisfactory.

Table 1: Reliability analysis

Questionnaire	Alpha Value	Comment
Affective Commitment	0.75	Acceptable
Continuance Commitment	0.72	Acceptable
Normative Commitment	0.76	Acceptable
Salary	0.81	Acceptable
Supervisor Support	0.79	Acceptable

6.2 Testing of Hypotheses

To test all the hypotheses correlation coefficient technique was used. The following table shows the values of coefficients.

Table 2: Correlation Analysis

		Affective Commitment	Continuance Commitment	Normative Commitment	Salary	Supervisor Support
Affective Commitment	Pearson Correlation	1	0.263(**)	0.456(**)	0.756(**)	0.299(**)
Continuance Commitment	Pearson Correlation	0.263(**)	1	0.156(**)	0.918(**)	0.453(**)
Normative Commitment	Pearson Correlation	0.456(**)	0.156(**)	1	0.796(**)	0.535(**)
Salary	Pearson Correlation	0.756(**)	0.918(**)	0.796(**)	1	0.323(**)
Supervisor Support	Pearson Correlation	0.299(**)	0.453(**)	0.535(**)	0.323(**)	1

**Correlation is significant at the 0.01 level (2-tailed).

The result of Pearson correlation analysis obtained for different variables including three dependent and two independent variables. The results of the correlation between employee salary and affective commitment (.756, $p < .05$) reveal that if organizations that better pay their employees, affective commitment of employees with the organizations increase. The results of the correlation between employees' salary and continuance commitment and normative commitment (.918, $p < .05$, .796, $p < .05$) reveal that the continuance commitment and normative commitment are highly and significantly correlated with the employee salary and the employees in the construction industry settings have greater continuous commitment and normative commitment if they are being paid well. And also supervisor support had a strong and significant relation to affective, normative and continuance commitment.

6.3 Multiple Regression Analysis

Regression models are used for predicting the value of one dependent variable from the values of two or more independent variables. Regression model for the study was as follows.

Table 3 shows that in Sri Lankan construction industry setting salary and supervisor support have 4.7% impact on affective commitment, 84.5% impact on continuance commitment and 64% impact on normative commitment. As compared with affective commitment, salary and supervisor support have great impact on continuance commitment and normative commitment. It reveals that the salary and supervisor support practices have no more effect to the development of workforce perceptions regarding their emotional affiliation or identification with their workplace.

Table 3: Multiple Regression summary

Forms of Commitment	R	R Square	Adjusted R Square	Std. Error of the Estimate
Affective Commitment	0.217	0.047	-0.015	0.647
Continuance Commitment	0.919	0.845	0.835	0.126
Normative Commitment	0.8	0.64	0.616	0.174
Organizational Commitment	0.802	0.643	0.619	0.121

7. Discussion

The goal of this research was to identify the relationship between salary and supervisor support and three forms of organizational commitment of employees in three construction industry of Sri Lanka. It was hypothesized that the salary and supervisor support will relate significantly to the three forms of organizational commitment and therefore has a significant effect on individuals' mindsets about the organization. The researcher could found that there is a positive and strong relationship between salary and supervisor support and three forms of organizational commitment.

The overall fit of the various models, as indicated by the R^2 , indicated that the extent of statistical effect on the dependent variable by all independent variables when consider jointly. The best results were obtained for continuance commitment and the worst for affective commitment. It appears that the construction executive workers that participated in this study highly value profit associated with continued participation and a "cost" associated with leaving.

Further retention factors have 4.7% impact on the affective commitment and 84.5% impact on continuance commitment and 64% impact on normative commitment. It implies that the salary and supervisor support have greatly effect on continuance commitment and normative commitment than affective commitment. And further the researcher can say that the employees would be very hard for them to leave their organization right now, even if they wanted to, and there are many negative consequences of leaving the selected organization and the employees have too many options to consider leaving this organization. Further it is important to note that the R square value is 64.3% which implies that the extent of retention factors is only 64.3% on organizational commitment. Therefore it is clear that the even retention factors have a relationship with the organizational commitment the impact is approximately 65% where the rest of the impact is associated with other factors. These factors can be identified as,

- job characteristics
- career opportunities
- work/life policies
- job autonomy
- job challenge

According to the results salary has a strong, significant relation to continuance commitment and normative commitment. It indicates that salary has a great effect on perceiving cost of leaving and obligation to remain at the organization of the executive employees in construction companies of Sri Lanka. The results obtained in the study are supported by Higginbotham's study (1997) on pay satisfaction, and Kochanski and Ledford's study (2001) on retaining employees in organizations.

And also salary has a positive and significant relation to affective commitment. It indicates that the benefits packages, pay raises, and information about pay issues provided by the company, current total salary package and etc. are relatively strength of an individual's identification with and involvement in a particular organization. The results are obtained in the study are consistency with the results obtained by Andreas Dockel, 2003.

The relation between supervisor support and continuance commitment is strongly significant. It indicates that supervisor support contribute some extent to an awareness of the costs associated with leaving the organization.

And relation between supervisor support with affective commitment and normative commitment is positive and significant. It indicates that supervisor support provides individuals with more chance to make a difference on the job, and gives employees enough feedback about how well they complete their work. The results are obtained in the study are consistency with the results obtained by Andreas Dockel, 2003.

Supervisor support makes employees in feel important and responsible in that they can use their innovation and skill to the advantage of the organization (Eisenberger et al., 1990). This is a major intrinsic motivation for individuals. Many construction companies offer employees family responsibility leave, referral programmes, flexible work arrangements and other human resources policies aimed at helping them balance work and family responsibilities (Friedan, 1989; Leinfuss, 1998). Perceived organizational support has a positive and significant, association with affective organizational commitment. This suggests that perceptions of organizational support may always result in strong positive attitudes toward the organization. Perceived organizational support has a positive and significant association with continuance organizational commitment. This could be due to perceived organizational support enhancing employees' feelings about

their investments (effort, time, and so on) in organizations. The results indicate that this variable has a positive and significant association with normative commitment. This suggests that employees who perceive that their organization recognizes their contributions may tend to develop loyalty and positive moral feelings toward their organizations. In sum, employees who perceive strong organizational support are likely to develop a stronger attachment to the organization, and, eventually will be less inclined to leave their jobs. Basically, for people to commit to an organization, they need to know they are cared about (Burke & Cooper, 2002; Dubie, 2000). Construction companies are not just interested in retaining employees, but also creating a mutually beneficial interdependence with employees (McNee et al., 1998; Murphy, 2000). The identified retention factors (salary and supervisor support) might serve as a means to demonstrate the organization's support for, or commitment to, their employees and in turn cultivate a reciprocal attachment by employees. Employees' organizational commitment is related to their belief that the identified retention factors are motivated by the desire to retain good employees and to be fair in the treatment of employees (Tsui et al., 1995).

The aim of the present study was to assist human resources professionals and researchers in identifying the effect of retention factors on construction employees' organizational commitment. However, in future investigations several of the limitations of this study would need to be considered. Firstly, participants from various organizations in the construction industry could be used to obtain a more representative sample. Secondly, longitudinal studies are needed in order to validate the Predictive dimension of the model. Future studies could include an investigation of the retention factors' effect on the attitudinal or behavioural commitment of employees in construction industry.

A study could investigate the difference in retention factors on their professional commitment and organizational commitment. As the workforce is becoming more diverse, a study could investigate the effect of retention factors on organizational commitment in a non-homogenous employee environment. Finally, as individuals are increasingly unable to depend on a single organization for their entire career because of mergers, downsizing and layoffs, a longitudinal study could investigate the employee emigration from organizational commitment to career commitment.

In conclusion, it is trusted that these findings presented useful insights regarding the retention of valuable employees in construction industry. Researchers are encouraged to examine, both theoretically and empirically, these and other retention and commitment constructs to yield more insightful conclusions regarding the effect of salary and supervisor support on employees' organizational commitment.

Acknowledgement: First of all I would like to express my sincere gratitude towards my supervisor Mrs. Prasadini N. Gamage for her encouraging support given to me and for allocating her precious time by giving me advices and guidance in completing every chapter in this study.

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