Employee Commitment: Through Training Opportunities and Organization Compensation System

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Abstract

In today’s dynamic environment, companies have been forced to operate at their highest rates. To ensure that this becomes a reality, every employee must be committed to organizational objectives and function as an effective member of the organization. However, reviewing the commitment of employees may be difficult, as it can be affected by different factors. The goal of this study was therefore to determine the factors that influence employee commitment in one of the established companies in Malaysia. To attain this, the study explored the relationship between training and development opportunities and organization compensation and benefit towards employee commitment. This study used a set of self-administered questionnaires to gather empirical data from 154 respondents employed in the company’s subsidiaries. A Multiple Regression Analysis was conducted to investigate the effect of training and development opportunities and the organization’s compensation benefits on employee commitment. In the regression analysis, the R-Square value of 0.603 implies that the independent variables explain 60.3% of the variance in employee commitment. This study indicates that the organizations are encouraged to provide more valuable programs and increase hours for training and development opportunities, as well as to develop an effective compensation plan to enhance the commitment of the employees.

Keywords: Employee Commitment, Training and Development, Compensation and Benefits

1. Introduction

In the current global economic scenario, an organization requires the support of all employees in every hierarchical structure. It is also essential for the organization to know how to build the right type and level of employee commitment to ensure that the better employees are retained. For that reason, to continue attracting valuable employees to stay with them, such an
organization would need to provide incentives, including building employee loyalty towards the organization. Kokubun (2018) shows that organizational incentives, extrinsic rewards, social rewards, and intrinsic rewards, have contributed to higher levels of organizational commitment. Perhaps, the organization needs to know the aspects that play an essential role or have a significant impact on enhancing employee commitment. Therefore, for this study, several factors had been identified in the literature as determinants or factors that influence an employee's commitment.

Over the decades, the study of commitment has advanced in many directions. These recent advances include new approaches to employee commitment conceptualization. The definition of commitment too varies and depends more on the organizational context, as scholars have given various meanings and classifications (Valaei & Rezaei, 2016). Allen and Meyer (1990) have defined organizational commitment as "a psychological state that binds an employee to the organization" that affects his or her decision to continue in the same organization. In the same way, Employee commitment is also perceived as an employee's willingness to stay with the organization (Maugo, 2013). It is also referred to as a proxy indicator of an employee's intention to make a turnover in an organization (Razzaq et al., 2018). Alternatively stated, these are actions that represent employee loyalty to the organization and the next phase in which organizational members show concern for the organization, performance, and further growth of the organization (Eliyana, Ma'arif & Muzakki, 2019). Customarily, employee commitment reflects the employee's belief and acceptance of the organization's mission and goals, willingness to exert extra effort in their accomplishment, and intention to continue working with the organization. Likewise, employee commitment is observed as an employee's psychological bond with an organization whose strength depends on the degree of employee engagement, employee loyalty, and belief in the organization's values.

Most employers realize that the road to success lies in motivated and committed workforces who are highly efficient, productive, motivated, and dedicated to the organization. To gain employee commitment, employers should show concern by being pro-active in supporting initiatives energizing employees to move towards employee's commitment. In other words, organizations need to realize that staffs have their own needs and personal desires to be taken into account. This can determine whether the employee feels positive or negative about the organization and need individual treatment (Anthony, 2017).

Competent employees play a vital role in the company's ability to accomplish its strategic objectives. When skilled and knowledgeable employees leave the business, they can contribute to an institutional loss of memory, taking together valuable information and expertise (Harden, Boakye & Ryan, 2016). Management has also failed to understand why some of its employees are not committed to their job and organization, even though they have proactively adopted a successful human resource (HR) practice to motivate and retain them. Other than that, employee commitment also can be influenced by negative variables such as absenteeism, low productivity, low morale, and turnover. Despite this, employee commitment can be precious, as it is positively associated with job performance, which reinforces the value of choosing and developing a committed workforce (Sungu & Weng, 2019). Consequently, lack of employee commitment may cause a threat to the survival of the organization, such as loss of competent employees and eventually loss of competitive advantage for the organization. However, most of the theoretical literature debate that before individuals leave an organization, they progressed through a series of stages of psychological and behavioral withdrawal that related to employee lack of commitment.
towards his work. Therefore, this paper aims to examine the factors that affect employee commitment among workers at one of the established corporate companies in Malaysia.

2. Literature Review

This section is devoted to elaborate previous empirical research done concerning the study. The review of the literature covers variables that this study aims to examine that is Employee Commitment (dependent variable) and independent variables of Training and Development Opportunities, and Compensation and Benefits.

2.1 Employee Commitment

Generally, the literature suggests that commitment is an agreement to do something voluntarily, another individual, group, or organization. Also, commitment is a force that binds an individual to a course of action of relevance to one or more targets (Robert & Angelo, 2007). These statements highlight that commitment is related to behavior and that commitment can be aimed at multiple targets of entities. For example, an individual can be committed to his or her job, family, organization career, and others. Commitment is not only a human relation concept, but it includes generating human energy and activating the human mind (Jaw & Liu, 2004). It involves dedication, the capacity to work hard, and to bear infinite strength. One of the most fundamental values of achievement is to remain committed to one's objective. Commitment to attaining those objectives makes it imperative that one leaves his or her comfort zone and discover places that surpass the comfort.

Without commitment, the implementations of new ideas and initiatives will be compromised. An employee with a high commitment is fully involved and passionate for their job. The committed employee understands the environment in which the organization is operating. They are also able to cooperate to improve the achievement of the organization through cooperation between the employee and the management. In particular, HR professionals should determine whether employees engaged in their work but not committed to the organization or whether employees are committed to staying with the organization but not to work, as this will translate into beneficial overall performances and organizational effectiveness (Cesario & Chambel, 2017). Therefore, a commitment is a crucial attitude that every employee should have because committed individuals are expected to display a willingness to work harder to achieve organizational goals and a greater desire to stay employed in the organization.

Amongst prominent scholars discussing employee commitment behaviors were Meyer and Allen. According to them, organizational commitment is composed of three separate but related components that are an affective commitment, normative commitment, and continuance commitment. Affective commitment referred to the employee's emotional attachment to identification with and participation in the organization (Meyer & Allen, 1997). Organization members who are committed to the organization on a significant basis, continue working for the organization because they want to link closely with the same organization. In addition to that, an employee who is committed to the organization at an affective level sees their employment relationship as consistent with the organization's objectives and values. In general, affective organizational commitment is concerned with the extent to which an individual identifies with the organization.
Another dimension of the organizational commitment model is normative commitment. Meyer and Allen (1997) describe normative commitment as a feeling of obligation to continue employment. Employees with normative commitment feel that they ought to remain with the organization. It reflects an individual's feeling of responsibility to maintain organizational membership because they believe it is morally to be loyal to and stay in the organization (Igella, 2014). Also, the mutual obligation is based on the concept of social exchange, which indicates that an individual who receives a benefit has a strong normative obligation or rule to repay the benefit in any manner. This implies that individuals feel responsible for repaying the organization due to organizations' willingness to invest in them, for example, through training and development. This is based on the norm of reciprocity. In other words, if the employee receives a benefit, he or she is placed under the moral obligation to respond in kindness.

Finally, the third dimension of the organizational commitment model is continuance commitment. Meyer and Allen (1997) state that continuance commitment is an awareness of the cost associated with leaving the organization. It is calculative due to the perception or weighting by the individual of the expenses and risks connected with leaving the present organization. In continuance commitment, reference is made to the relationship between individuals and their organization as a result of understanding the implications (costs) of non-commitment (Galanaki, 2019). Continuance commitment demonstrates employee's intention to retain membership in the organization following an evaluation of the cost of leaving the organization (Hayat Bhatti et al., 2019). To put another way, employees make investments at work that connect them to the employing organization. To secure their investments, and also due to the cost of leaving an organization is too high, an individual is attaching themselves to the organization (Qureshi, Lambert & Frank, 2019).

2.2 Relationship between Training and Development Opportunities and Employee Commitment

Training has been a subject of debate with various functions and definitions given to it. Some scholars perceived training as an ability of the organization to develop employee's skills and knowledge to do the present job and its one of employee's motivator. Training is a learning practice aimed at the development of new knowledge and skills for a career or a job (Karim, Choudhury & Latif, 2019). Training and development are commonly referred to as planned learning opportunities that teach employees about the present and future jobs. Improving the efficiency of participating individuals is at its core (Mira & Odeh, 2019). The performance of each organization is dependent on the quality of its employees and therefore on the need to continually update the employee's knowledge, skills, and competencies (Mzmela & Chikandiwa, 2017). These attributes can be effectively improved by training and development processes that take place at various levels in different organizations. Firms with a higher level of perceived fair access to the organizational training program will be more likely to raise several committed employees in their organization. This was proven when training has positively impacted significant commitment to the distinct kinds of commitment because employees want to generate work experience and skills. At the same time, exercise positively influences normative commitment because training emphasizes the impression of reciprocation (Ocen, Francis & Angundaru, 2017).

Emerging literature has shown that the investment in human capital like training able to bring positive relation to organizational performance - which is training is expected to reduce turnover and increase employee commitment; the outcome resulted in longer employment
duration. Other than that, investment in training and development programs portrays the organization's commitment and value to employee development. Therefore, to support the organization's efforts, the Malaysian Government had initiated one important scheme that is the Human Resource Development Fund (HRDF). HRDF required companies to contribute an equivalent to a certain percentage of their payroll and then claim back a part of the cost of training from this fund (Hasniza, 2009).

Training and development activities conducted for the employees may bring some impacts towards employee's commitment (Ivancevich, 2010), in the sense that when the employees are provided with necessary skills and knowledge, they can better perform their job. Besides, this finding also similar to Sitinea et al., (2015) in their study *The Impact of Training and Development on Employee Commitment: A Case of The Department of Children Services, Kenya*. This study found that training and development affected employee commitment in the department of children services. The researchers explained, the impact of skill development attained through training program enabled employees to be efficient and thus contributed to their commitment. Similar findings found in the past study on the association between training and organizational commitment among white-collar workers in Malaysia, it also found a relationship between the two variables (Kamarul & Raida, 2003).

Conclusively, it can be observed that organizations that train their employees extensively create a reputation for showing appreciation and value towards the development of the employees and thus attracting more highly qualified staff. Such organizations send a clear message to their employees that they committed to individual development, therefore leading to high affective and normative commitment. Hence, the following hypothesis was developed based on the above-mentioned arguments and explanations:

\[ H_0: \text{There is no significant relationship between training and development opportunities with employee commitment.} \]
\[ H_1: \text{There is a significant relationship between training and development opportunities with employee commitment.} \]

### 2.3 Relationship between Compensation and Benefit and Employee Commitment

A significant number of studies have been carried out to determine the implications of the employee's organizational commitment to compensation and benefits (Rahaman et al., 2016). Compensation is a complex topic that has a significant impact on the success of the organization. Even though compensation and benefit are a cost or expenditure for the company, but it also acted as an essential tool to obtain a competitive advantage. Many studies have established that compensation and benefit are linked closely to employee job satisfaction, and job satisfaction can bring out employee motivation which in turn affects employee job performance and organizational commitment. According to Silaban and Syah (2018), appropriate compensation would minimize the intention of leaving employees and increase the commitment of employees. The study also noted that many employees are responsible for their jobs and families, and when the organization helps them handle their responsibility, their loyalty increases, which means that the higher the remuneration, the higher the organizational commitment of employees to the company, and vice versa. The results of the study interpreted this connection as an act of reciprocity in which employees join organizations, believing that they would have the right platform to utilize their talents and fulfill their desires and needs.
As mentioned previously, employees may remain with an organization because there are constraints against leaving and incentives for staying. Organizations need to structure the economics of the relationship in a way that will not obstruct commitment. Pay makes the continuation of the employment relationship worthwhile because there is mutual dependence. Organizations that add on benefits are establishing the foundation for richer forms of commitment by producing a need for the relationship. Koitalek (2016) shows that compensation policy affects the commitment of employees to the organization and performance, management trust, and strong relationships within the organization. Based on the above argument, the following hypotheses were developed:

H0: There is no significant relationship between organization compensation and benefit and employee commitment.
H1: There is a significant relationship between organization compensation and benefit and employee commitment.

3. Methodology

Simple random sampling was chosen as the sampling technique in this research. Simple random sampling (SRS) is a sample selection method consisting of n number of sampling units from the population with N number of sampling units so that each sampling unit has an equal chance of being selected (Shalabh, 2011). The population for this research was 345 employees ranging up from top management, middle managers, supervisors included the lower-level employees. Then, the Krejcie and Morgan (1970) tables were utilized to determine the sample size. There were 180 employees selected as the sample of the study. However, after conducting the survey, only 154 employees responded, and that makes the overall response rate as being 86%.

A self-administered questionnaire was utilized as an instrument to collect the primary data for this study. The questionnaire consists of four sections: Section A Demographic, Section B Employee Commitment, Section C Training and Development Opportunities and, Section D Compensation and Benefits. A five-point Likert scale was adopted to administer and measure the items in the instrument. This Likert scale ascertained the subject's level of agreement or disagreement on the items used to operationalize the study variables which 1 indicates strongly disagree, 2 indicates disagree, 3 indicates neither agree nor disagree, 4 indicates agree and 5 indicates strongly agree. To measure the consistency, accuracy, repeatability, and trustworthiness of the instrument, a reliability analysis was employed following the guidelines of Hair et al. (2019) and Ramayah et al. (2018). This research used Cronbach’s Alpha to test the internal consistency and reliability of the questionnaire. The closest the reliabilities coefficients to 1.0, were considered excellent, over 0.80 was good, in the range of 0.07 was acceptable and in the range of 0.60 was poor or unacceptable (Sekaran & Bougie, 2013).

As showed in Table 1, all the loadings were all higher than 0.7. Originally, employee commitment has 9 item constructs, however, item EC9 has been removed to increase the constructed value (α = 0.893). Next, the alpha value for training and development opportunities is (α = 0.924) which indicates excellent and, compensation and benefit is good(α=0.896). There is no adjustment needed for both constructs since the Cronbach Alpha value that had been generated was higher than 0.7 and acceptable. Therefore, the Cronbach Alpha for all variables in
the present study has good internal consistency. Hence, all items that were measured for each variable also reliable.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of items</th>
<th>Cronbach Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Commitment</td>
<td>8</td>
<td>0.893</td>
</tr>
<tr>
<td>Training and Development Opportunities</td>
<td>9</td>
<td>0.924</td>
</tr>
<tr>
<td>Compensation and Benefit</td>
<td>9</td>
<td>0.896</td>
</tr>
</tbody>
</table>

4. Findings

The data collected from the survey were analyzed using SPSS version 23. Descriptive analysis and regression analysis were done to answer the research questions developed for this study.

4.1 Descriptive Statistics

This section described the key characteristics of the respondents and information were gathered from the first section of the questionnaire. Table 2 summarizes the demographic statistics of respondents who participated in this study, that is 64% of them were male, and the remaining 36% were female. Most of the respondent’s age was in the range of 31-40 years old (31.8%) and 41-50 years old (33.1%), below 30 years old (25.3%), and over 50 years old (9.8%). Almost half of the respondents have worked with the organization for more than 10 years (43.5%) and most respondents were non-executive employees (64.3%).

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>98</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>56</td>
<td>36</td>
</tr>
<tr>
<td>Age</td>
<td>Under 30 years old</td>
<td>39</td>
<td>25.3</td>
</tr>
<tr>
<td></td>
<td>31-40 years old</td>
<td>49</td>
<td>31.8</td>
</tr>
<tr>
<td></td>
<td>41-50 years old</td>
<td>51</td>
<td>33.1</td>
</tr>
<tr>
<td></td>
<td>Over 50 years old</td>
<td>15</td>
<td>9.8</td>
</tr>
<tr>
<td>Length of Service</td>
<td>Less than 5 years</td>
<td>43</td>
<td>27.9</td>
</tr>
<tr>
<td></td>
<td>5-10 years</td>
<td>44</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>Over 10 years</td>
<td>67</td>
<td>43.5</td>
</tr>
<tr>
<td>Job Category</td>
<td>Executive</td>
<td>55</td>
<td>35.7</td>
</tr>
<tr>
<td></td>
<td>Non-executive</td>
<td>99</td>
<td>64.3</td>
</tr>
</tbody>
</table>

4.2 Multiple Regression Analysis

Multiple Regression analysis was employed to examine the effect of the independent variables (training and development opportunities and compensation and benefits) towards the
dependent variable that is employee commitment. Table 3 explains the $R^2$ value is 0.603 which implies that the independent variables can explain 60.3% of the variations in the dependant variable (employee commitment). The remaining 39.7% of the variance in employee commitment is not explained by training and development opportunities and organization compensation and benefit in this study but explained by other factors.

Table 3 Model of Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R-square</th>
<th>Adjusted R-square</th>
<th>Std. Error of the estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.777</td>
<td>.603</td>
<td>.598</td>
<td>.47325</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organization Compensation and Benefit, Training and Development Opportunities

b. Dependent Variable: Employee Commitment

Table 4 shows the F-test value is 114.914 and the significant p-value is .000 that is below 0.05. This explains the linear model is overall valid.

Table 4 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum Squares</th>
<th>of df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>51.474</td>
<td>2</td>
<td>25.737</td>
<td>114.914</td>
<td>.000</td>
</tr>
<tr>
<td>Residuals</td>
<td>33.819</td>
<td>152</td>
<td>.224</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organization Compensation and Benefit, Training and Development Opportunities

b. Dependent Variable: Employee Commitment

Table 5 shows the summary of coefficients between the variables. The significance (p-value) for training and development opportunities is 0.000 which is below 0.05. Therefore, there is a significant relationship between training and development opportunities with employee commitment. Thus, $H_1$ was accepted. For the other independent variable that is compensation and benefits, the p-value is also 0.000 which is below 0.05. This proves that it has a significant relationship with employee commitment. Therefore, $H_2$ was supported.

To find out which factor influences the dependent variable the most, we need to look at the largest Beta value to compare the contribution of each independent variable. The highest Beta value is training and development opportunities (0.504) followed by compensation and benefits (0.414). Since both variables have a significant p-value, training and development opportunities are identified as the most influenced factor affecting employee commitment.

Table 5 Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model (Constant)</td>
<td>B</td>
<td>Std. Error Beta</td>
</tr>
<tr>
<td></td>
<td>.631</td>
<td>.219</td>
</tr>
<tr>
<td></td>
<td>.219</td>
<td>.090</td>
</tr>
<tr>
<td></td>
<td>.458</td>
<td>.082</td>
</tr>
<tr>
<td></td>
<td>.421</td>
<td>.414</td>
</tr>
</tbody>
</table>

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5.0 Conclusion

In summary, training and development opportunities and compensation and benefits are essential factors that affect the commitment of employees in the organization. Regardless of the demographic context of workers, most respondents believe that they would commit to their work more manageable if they regularly undergo effective training and development programs related to their job-specific skills. The result is consistent with Amer & Amen (2013) that, when employees undergo training on their specific job skills, they can do their job correctly and feel confident in doing their job. The organization, which will enable its employees to acquire a variety of skills and knowledge needed to make future changes, should continue to provide meaningful and useful training so that each employee can complete its task independently and without much support.

Other than that, the respondents in this study were also satisfied with the amount of salary and allowance paid to them, which indicates that the majority of respondents wanted to remain and stay with the organization for more than five years. The respondents accordingly agreed that the number of sick leave days, the annual leave day, and the maternity leave/paternity leave days provided by the company were appropriate. This evidence is consistent with Armstrong (2001), where benefits are well handled, and employees have a shared sense of benefit, the commitment of employees can be achieved efficiently and effectively. The organization needs to pay close attention to developing a practical and desirable compensation package. The rewards offered by employers should be comparable with the jobs done. All efforts must be directed at developing an employee's interest in their work to make them feel good to do their best to ensure industrial harmony.

References


