

Effect of Quality of Work Life on Organizational Commitment by SEM (Case Study: OICO Company)

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Abstract

Nowadays, according to the importance of human resources in advancing the goals of the organization, improving the quality of work life has become one of the main goals of the organizations. Main purpose of this study is to analyses the effect of quality of work life (adequate and fair compensation, safe and healthy environment, growth and security, development of human capabilities, the total life space, social integration, constitutionalism, social relevance) on organizational commitment of employees of OICO company. Method of this study is path analyses with approach of SEM. Statistical society consists of all employees of OICO Company in SPGD 17 & 18 in year 2013 that are 130 people, out of this number, 97 people were selected through random sampling in proportion with society volume and questionnaires were distributed amongst them. The research results show a positive and significant effect of quality of work life on employee's organizational commitment.

Keywords: Quality of work life, organizational commitment, structural equation modeling, OICO Company

1. Introduction

Human resource is considered as the most basic strategic resources of every organization. Nowadays, success of any organization or work environment is directly dependent on efficient using of human resources based on behavioral science for certain. Dealing with this challenge

reveals the need of more comprehensive recognition of concepts and structures related to human resources and its specific tools. Having achieved these concepts and tools, the necessity of the related skills to use these structures is undeniable (Hersey and Blanchard, 1998).

Concern for the quality of working life preoccupied social scientists for the past several decades. The basic objectives of an effective QWL program are improved working conditions (mainly from an employee's perspective) and greater organizational effectiveness (mainly from an employer's perspective).

Also organizational commitment has three basic components including identification, involvement, and loyalty that influence employee's absenteeism and performance. So, this study tries to investigate the effect of QWL on organizational commitment among OICO company employees.

2. Literature Review

2.1. Quality of Work Life (QWL)

The term Quality of Work Life was initially introduced in the late 1960's as a way of focusing on the influences of employment on worker health and general well being, and a way to increase the quality of a person's on the job experience (Bowditch and Buono, 2005). The monitoring of employees views about the quality of their work and the quality of their work life helps the employers get an idea of where improvements in an organization can be made. There are different objectives for different organizations, but the overriding elements seem to be; the impact of work on the employee, worker participation in problem solving and decision making, and a structure which rewards an employee for input into the work process.

Richard E. Walton (1974) explains quality of work life in terms of eight broad conditions of employment that constitute desirable quality of work life (QWL). He proposed the same criteria for measuring QWL. Those conditions/criteria include:

1) Adequate and fair compensation

Does pay received completely meet determined standards of sufficiency or the recipient's subjective standard? Does pay received for certain work bear an appropriate relationship to pay received for other work (Walton, 1974)?

A number of participants stated that they believe that salary levels should be mandated: "There should be a uniform or consistent payment guideline for employers to follow for registered social employees." Many employees feel they are not compensated fairly for their work (Antel, 2006).

2) Safe and healthy environment

It is comprehensively accepted that employees should not be exposed to working conditions which can adversely affect their physical and mental health. Consequently, the results of

employer concern, union action, and legislation have promoted favorable working situations through focus on noise, illumination, workspace, accident avoidance as well as the implementation of reasonable work hours and age limits for potential employees (Orpen, 1981).

3) Growth and security

Many organizations have strived for functional and numerical flexibility that resulted in demands for new types of skills and expertise as well as changes in employment contracts. Most notably, organizations showed increased interest in employing workers on the basis of short or fixed term contracts rather than employing workers on the basis of implicit long term contracts (Sverke et al, 2000). Furthermore, survivors of downsizing have to do more with less resources, increased work load and uncertainty regarding task performance is likely to be prevalent (Sverke et al, 2006).

4) Development of human capabilities

Learning opportunities and skill discretion have also proven to have a positive influence on job satisfaction and reduced job stress which will lead to better quality of work life. The opportunity to deploy and the use of skills is associated with learning mechanisms. This utilizes especially when the job requires employees to develop cognitive skills. With respect to learning, greater autonomy on job increases the acquisition and application of knowledge whilst greater participation is held to promote cognitive growth via enhanced knowledge transfer among employees (Scully et al, 1995). Such a job environment expands knowledge base, leads to a better understanding of how the job is related to other organizational practices and a greater ability to solve problems (Rethinam and Ismail, 2008).

5) The total life space

A major component of quality of work life, which is so important for both the employees and the employers, is the relationship between work and home life. In an enhancing competitive environment, it is difficult to separate home and work life. Employees today are more likely to express a strong desire to have a harmonious balance among career, family life and leisure activities. This has been suggested at the international level the need for national policies in many countries. It is very important for organizations to help their employees to balance their work and non work demands (Lewis, 1997).

6) Constitutionalism

What rights do the employees have and how can they protect these rights? Wide variations exist in the extent to which the organizational culture respects personal privacy, tolerates dissent, and adheres to high standards of equity in distributing rewards, and provides for due process in entire work related matters (Walton, 1974).

7) Social integration

Whether the employee achieves personal identity and self esteem is influenced by such attributes in the climate of his workplace as these: freedom from prejudice, a sense of community, interpersonal openness, and the absence of stratification in the organization and

the existence of upward mobility, openness, and the absence of stratification in the organization and the existence of upward mobility (Walton, 1974).

8) Social relevance

Organizations acting in a socially irresponsible manner because enhancing numbers of their employees to depreciate the value of their work and careers (Walton, 1974).

2.2. Organizational Commitment (OC)

Organizational commitment is defined based on the individual's relative ability and involvement in a certain organization. It indicates the attitudes of people toward the organization's values and goals (Mowday, et al, 1982). Organizational commitment as a practical concept renders solutions for special behaviors in the workplace like the employees' turnover and absenteeism. In effect, it's a general rule in organizational commitment that a high degree of commitment would bring about positive results for the organization.

According to the definitions in organizational commitment, not only does a employee's commitment, guarantee his permanence in the organization without considering the circumstances, but it also helps him take part in organizational activities (Steyrer, et al, 2008). Organizational commitment is defined as the degree of sacrifices that employees make (Meyer & Allen 1997). Employees evaluate the organization's capabilities to compensate for their participation and continuous efforts. A positive evaluation would increase the employees' interest and motivation for their meaningful participation. While other kinds of commitment related to family and profession can affect the employee's behavior in the workplace, on the other hand, organizational commitment can totally affect the employee's behavior (Meyer & Allen, 1997). Meyer and Allen in the definition of commitment's dimension provided a three-factor model of organizational commitment. The factors consist of:

a) Affective commitment

Affective commitment is the affective affiliation on the organization. This kind of commitment affiliation of employees concerning the work group has close relationship with persistence in the organization. This means that employees stay in an organization for their positive attitudes toward its goals and values. Those employees who are committed to the organization's values with a higher affective affiliation and feel responsible for the achievement of its goals consequently would show higher productivity and lower job turnover. Affective commitment is regarded as the most optimal commitment component (Sinclair, et al, 2006; Murphy, 2009).

b) Continuance commitment

Continuance commitment is related to the tendency of staying in the organization due to the expenses of turnover or benefits of staying (Meyer & Allen, 1997). It's that kind of commitment which employees show when they need the job. In this situation, they keep the job not because they want it; they keep it for they need the job. Employees with high continuance commitment appear to have little attention therefore this type of commitment is not favorable component of commitment (Murphy, 2009).

c) Normative commitment

Normative commitment is defined as staying in the organization without sense of coercion (or requirement). It reflects the sense of responsibility for being a member of organization. Normative commitment doesn't have the consequences of affective commitment but it's considered more positive than the continuance commitment (Murphy, 2009). This type of commitment is caused by the fact that employee has the feeling that the organization treats him well and therefore he has to behave the same (Herscovitch & Meyer, 2002).

3. Hypothesis

These study hypotheses include one main hypothesis and eight specific hypotheses.

3.1. Main Hypothesis

H. Quality of work life has effect on organizational commitment of employees of OICO Company.

3.2. Specific Hypotheses

H1. Adequate and fair compensation has effect on organizational commitment of employees of OICO Company.

H2. Safe and healthy environment has effect on organizational commitment of employees of OICO Company.

H3. Growth and security has effect on organizational commitment of employees of OICO Company.

H4. Development of human capabilities has effect on organizational commitment of employees of OICO Company.

H5. The total life space has effect on organizational commitment of employees of OICO Company.

H6. Constitutionalism has effect on organizational commitment of employees of OICO Company.

H7. Social integration has effect on organizational commitment of employees of OICO Company.

H8. Social relevance has effect on organizational commitment of employees of OICO Company.

4. Methodology

4.1. Case study: OICO Company

Oil Industries' Commissioning and Operation Company (OICO) is incorporated to manage and execute commissioning and start-up, operation, maintenance and training courses for oil, gas and petrochemical industries. This company is a project-oriented one that has skilled personnel with a great knowledge and experience in commission and operation fields. Indeed valuable human resource of this company and their organizational commitment is so important. In this study we analysis their quality of work life and its effect on organizational commitment of OICO personnel and searching about the criteria of QWL that effects on OC. OICO had different

project and we chose project named "Commissioning project of phases 17&18 South Pars Gas Development (SPGD)".

4.2. Sampling

For this study we had a statistical society of 130 and the statistical sample randomly was chosen by regarding to Morgan-Kerjcie table. It confirmed that adequate sample size is of 97 employees. The questionnaire dispersed in sample employees and at the end, 87 questionnaires returned.

4.3. Measures

We used questionnaire consist of two standard questionnaires to gather statistics data. One of them is Walton questionnaire that gathering data about QWL and Allen-Meyer questionnaire for gathering data about OC. Questionnaire of QWL contained 35 items based on Likert five-point scale (5= strongly agree and 1= strongly disagree) and questionnaire of OC contained 24 items based on Likert five-point scale (5= strongly agree and 1= strongly disagree).

Also it has a part in the beginning that contains questions about demographic characteristics like educational degree, organizational position, etc.

The reliability of the Questionnaire for the components of QWL and OC questionnaire was determined as 0.93, respectively, by using Alpha Cronbach coefficient. Also, the face and content validity of questionnaires were determined by the opinions of experts and professors in human resource management.

In order to test hypotheses, we used structural equation modeling (SEM) method. For this purpose, two software i.e. SPSS and Smart-PLS software were used.

Relationship between variables in the structural equation modeling is divided into two areas:

- 1) Relationships between variables of the implicit with explicit variables (outer model)
- 2) Relationship between the variables implicit variables with implicit (inner model)

4.4. Validity and Reliability

For reliability of SEM, composite reliability coefficients was calculated and it's in all cases was above the minimum level of 0.6 recommended.

The next step was to analyze the content, convergent and discriminate validity of the measurement scales used.

Content validity indicates that the items included in the survey correctly represent the concept to be analyzed. Since, the scales were built on the basis of the previous literature and therefore include items used in scales that had already been validated for measuring similar concepts and assessed by case studies and the questionnaire pre-test, it was considered that each item had the necessary content validity. Discriminate validity of the scales was confirmed because none

of the confidence intervals contained the value 1 at a 95 per cent confidence level (Vázquez et al., 2007).

5. Results

After validating the scales, the conceptual model was evaluated. A structural equation model was used to test the data and check the hypotheses. This methodology was chosen because of the advantages offered by multivariate analysis in comparison with other techniques, as stated by Hair et al. (1998). Firstly, structural equation modeling adopts a confirmatory rather than an exploratory approach for data analysis. Secondly, while traditional multivariate procedures cannot measure or correct measurement errors, structural equation modeling offers explicit estimates of these parameters.

Finally, while data analysis using other methods is based only on observable measurements, in structural equation modeling both observable and non-observable or latent variables can be included. This is essential because “change readiness includes a number of intangible dimensions and elements that are difficult to quantify and are systematically related” (Vázquez et al., 2007). This methodology allowed statistical validation of the model by means of simultaneous analysis of the complete system of variables and the links between them, determining the degree to which this is consistent with the data (Vázquez et al., 2007). So, if the goodness of fit of the model is appropriate, the plausibility of the relations between the variables can be confirmed; if not, these relations are not valid.

The model fit of the research model in this study was tested using SmartPLS 2.0. Researchers typically employ different indices to determine model fit. Two indexes in SmartPLS were used to assess the fit of structural models: the communality of cross validation (CV-Communality) and redundancy of cross validation (CV-Redundancy). If these indexes have positive value the model fitness is accepted (Tenenhaus et al., 2005). This model turned out to be a very good fit to the data (OC CV-Communality =0.610, QWL CV-Communality =0.587, CV-Redundancy =0.258).

According to the path analyses by SmartPLS the results of assessing the hypotheses shown in table 1.

Table1: Hypotheses results

Hypothesis	β	t-Value	Hypothesis Result
H	0.669	13.134	Accept
H1	- 0.039	0.493	Reject
H2	0.211	2.041	Accept
H3	-0.157	1.318	Reject
H4	0.198	1.411	Reject
H5	0.025	0.189	Reject
H6	0.286	1.896	Accept
H7	-0.061	0.481	Reject
H8	0.318	2.233	Accept

For each hypothesis, path coefficient (β) and t-value calculated. According to t-distribution table, for sample size between 80 and 100 (significant level= 0.05), any hypotheses that have t-value greater than 1.66 is accepted.

Figure 1 shows the model of structural equations in the set of concepts being studied. As it is indicated in figure 1 main hypothesis was confirmed.

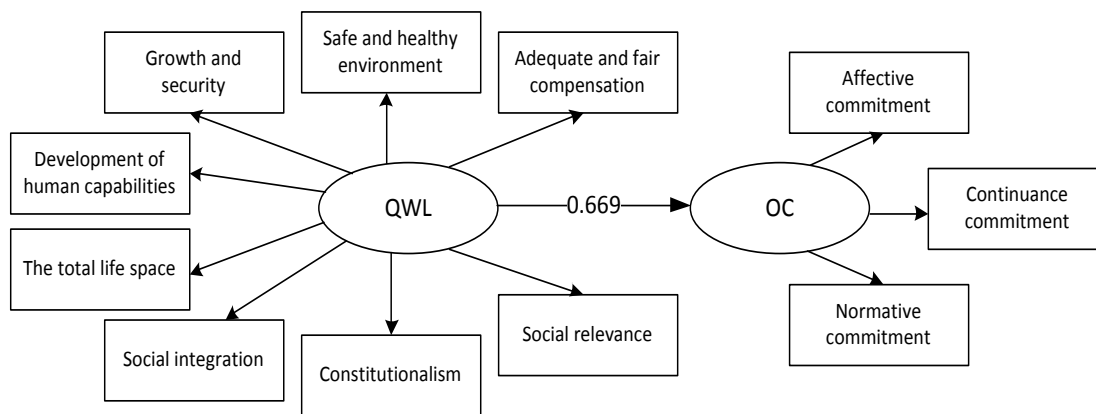


Figure 1: Structural equation model of study

6. Conclusion

Based on the results, QWL directly influences the OC. If QWL increases, commitment of OICO personnel will raise. Using methods of increasing QWL will increase employee's commitment, and doing their job more effective.

Based on the results, safe and healthy environment influences the OC. If OICO Company provide the safe and healthy environment for personnel and they feel comfortable of their work conditions in this environment, commitment of OICO personnel to this organization will raise.

The results indicate that safe and healthy environment influences the OC. If OICO Company provide the safe and healthy environment for personnel and they feel comfortable of their work conditions in this environment, commitment of OICO personnel to this organization will raise.

According to the results, constitutionalism has positive influence on OC of OICO personnel. Some rights like labor rights could make personnel feeling more secure related to their privacy and this would be reason to concentrate on their work.

The results find out social relevance has influence on organizational commitment of OICO personnel. If they feel their employer company has a great level in social view if their family, friends they feeling proud of it and increase their commitment for their company.

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