



Factors Affecting Employee Commitment to Change in Malaysia Service Organizations: The Moderating Impact of Organization Culture

SING YEE LIM¹, MAY CHIUN LO², ABANG AZLAN MOHAMAD³, MOHAMAD KADIM SUAIDI⁴,
T. RAMAYAH⁵,

¹Faculty of Economics and Business, UNIVERSITI MALAYSIA SARAWAK, MALAYSIA.
Email: lim_sing_yee@hotmail.com

²Faculty of Economics and Business, UNIVERSITI MALAYSIA SARAWAK, MALAYSIA.
Email: mclo@unimas.my

³Faculty of Economics and Business, UNIVERSITI MALAYSIA SARAWAK, MALAYSIA.
Email: maazlan@unimas.my

⁴Chancellery, UNIVERSITI MALAYSIA SARAWAK, MALAYSIA. Email: kadim@unimas.my

⁵School of Management, UNIVERSITI SAINS MALAYSIA, MALAYSIA. Email: ramayah@usm.my

ABSTRACT

Organizational change has been receiving tremendous concern lately as the everchanging environment causes companies to succumb to changes. Employee commitment towards change is detrimental in an organizational change. This research aims to investigate the factors that affect employee commitment to change and to examine the moderating effect of organization culture in service organizations. A total of 190 responses was collected from the employees working in the service organizations in Malaysia. Smart PLS 3.0 was used for data analysis. The proposed research model was assessed based on path modeling and bootstrapping. The findings found that among the four factors, only quality of relationship with the manager, fit of change with vision, and job motivation are significantly related to employee commitment to change. Moreover, the results have found no empirical evidence to support the moderating role of organization culture. The implications, limitations and future research were further discussed in this research.

Keywords: employee commitment, organizational change, organization culture, Malaysia, Smart PLS 3.0

JEL Classification: C1, L2

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1. Introduction

It has long been acknowledged that the service industry has played a major role in the development of Malaysia economy. According to Baldwin and di Mauro (2020), the recent COVID-19 pandemic took a toll on international trade in goods and services especially the service sector as the businesses are temporarily closed due to the containment policies. Therefore, this research could bring beneficial values to the organization during times of crises as employees have to change their way of work from home during the pandemic season. However, changes in the environment have created a new challenge for companies in the service sector to survive in a competitive world. As such, businesses have to ensure the products offered meet the quality and attain certain conditions as these factors that meet customers' expectations results in enabling customer loyalty (Fernández, Rosas, & Verdejo, 2016). There has been a constant change in the service industry every decade to satisfy the client's request faster and more efficient. Examples of new technological innovations like big data that record the client's preferences, end to end services that aid the client to deliver services timely and much more. These types of changes innovate the way companies deliver their services and bring new light to the industry. The service industry has been drastically changing and thus change is vital to every organization in the service industry. According to Sofat, Kiran and Kaushik (2015), organizations are experiencing internal and external pressure for change that has caused the management of organizational change becomes the leading concern in many industries. Moreover, Petrou, Demerouti and Schaufeli (2016) also stated that the employees play a significant role in adapting to organization change aside from the role play by managers in communicating organization change. Therefore, this indicates that an employee's commitment to change plays a vital role in organizational change.

Previous research recognized that employee commitment towards change is vital in the change process of the organization (Jansen et al., 2016; Meyer et al. 2007; Topolnytsky, 2002). Literature in the field of organizational commitment has been focused on retaining employees in an organization (Khan et al., 2020; Tsai et.al, 2016; Lok et al., 2001). This research aims to deep dive the factors that influence employee commitment during times of change. It is widely acknowledged that the importance of service industry plays a major role in the economy due to the change from manufacturing to servicing industry (Khan et al., 2020; Al-Amin et al, 2007). Moreover, there have been limited studies conducted to investigate employee commitment in a setting with dire need of change like mergers and acquisition (Nguyen et al. 2020; Degbey et.al, 2020). As the management team have to know the factors that influence employee's commitment towards change to improve their efficiency, therefore, there is a strong need to develop an understanding towards the factors influencing employee change commitment.

This research intends to address the gap in the literature by determining if relation quality, fit of change with vision, motivation, and organizational justice influences employee change commitment in the service industry to improve their organization performance. To sum up, the objective of this research is to contribute to the literature by investigating the factors that influence employee's commitment to change in the context of Malaysia service industry. This paper will be structured as follow. Firstly, the theoretical context is described and the development of the hypotheses. Next, the research design and data analysis will be provided. Then, the result analysis will be presented. Lastly, this paper will be concluded with discussion from the empirical findings, implications, limitations and directions for future research.

2. Literature Review and Hypotheses Development

2.1 Social Exchange Theory and Commitment to Change

The notion of commitment to change has received a great deal of attention by the researchers as it is the main element in change success (Topolnytsky, 2002). Commitment to change can be defined as the power that coheres people towards a certain action for the change to be implemented successfully (Parish et. al, 2008; Herscovitch & Meyer, 2002). It also reflects how an employee's