

Psychological Empowerment and Job Satisfaction on Organizational Commitment among SME Employees

Lim Lee Ling¹, Ong Choon Hee¹, Tan Owee Kowang², Theresa Ho Char Fei¹, Teo Poh Chuin¹, Zurina Patrick³, Chi-Hua Wu⁴

¹Azman Hashim International Business School, Universiti Teknologi Malaysia, Johor, Malaysia, ²Faculty of Management, Universiti Teknologi Malaysia, Johor, Malaysia, ³Labuan International Campus, Universiti Malaysia Sabah, Labuan, Sabah, Malaysia, ⁴Department of Creative Product Design, Southern Taiwan University of Science and Technology, Taiwan.

Corresponding Author Email: ongchoonhee@gmail.com

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Abstract

The purpose of this study is to examine the relationship between employees' psychological empowerment and job satisfaction towards their organizational commitment in the SMEs in Johor, Malaysia. The independent variables of this study are psychological empowerment and job satisfaction while the dependent variables are continuance commitment and normative commitment which are the two elements under organizational commitment. The research design of this study is using a quantitative and cross-sectional approach. An online survey questionnaire was employed to collect data and yield 388 responses. The findings revealed that psychological empowerment and job satisfaction were significantly related to the continuance and normative commitment. This research can offer essential information for organizations in the SME sectors to increase understanding of the elements of organizational commitment and implement effective strategies to retain committed employees in the organization and reduced turnover rate effectively. It further assists organizations in improving employees' organizational commitment by way of their psychological empowerment and job satisfaction level to achieve organizational success.

Keywords: Psychological Commitment, Job Satisfaction, Continuance Commitment, Normative Commitment, SMEs.

Introduction

SMEs act as one of the essential catalysts for economic growth in many countries, especially those in developing countries (Zabri et al., 2014). SMEs, in total, have a great contribution to a country's employment creation and gross domestic product (GDP) (Lohana et al., 2018). In Malaysia, these contributions can only sustain if the SMEs are achieving organizational success. Regardless of the nature or size of SMEs, employees' organizational commitment will

be among the most critical assets that contribute to organizational success (Lok and Crawford, 2004). Employee turnover will turn into higher costs for training new employees, and if training is not adequately provided to new workers, the organization's efficiency will be decreased. This raises the importance of the elements of organizational commitment possessed by the employees to ensure organizational success. The rising turnover rate in Malaysia raised the concerns of employees' organizational commitment in the Johor SMEs sectors. Erdem and Kaya (2013) stated that individuals with greater organizational commitments become more conformist, more satisfied, and more productive; carry a higher sense of loyalty and responsibility and cause fewer costs for the organization. Hence, the challenges to retain a committed employee should be addressed well to achieve organizational success (Chew and Chan, 2008). As Johor is one of the rapidly growing states in Southern Malaysia with the highest SMEs establishment, limited studies have been conducted to examine the relationship between psychological empowerment, job satisfaction, and organizational commitment. Therefore, this study attempts to fill the research gap by bringing up the following questions:

1. What is the relationship between psychological and organizational commitment (continuance and normative commitment)?
2. What is the relationship between job satisfaction and organizational commitment (continuance and normative commitment)?

Literature Review and Hypothesis Development

Organizational Commitment

At the beginning stage, organizational commitment is being described as a unidimensional concept that involved the emotional attachment of an employee to his or her organization (Porter et al., 1974). It also reflects an individual's willingness to fulfil job requirements that are beyond the standard. Meyer and Allen (1991) have described employees' commitment as a psychological state which shows the relationships among an individual with his organization and this will affect the employee's judgment to either leave or stay in the organization. The element of organizational commitment possess by the employees is crucial to ensure organizational success. In the study of Becker (1960), organizational commitment is a predictor that is used to predict employees' efficiency and performance. Among the elements of organizational commitment are normative and continuance commitment. Normative commitment is related to the contractual duties of the employees to stay with the organization in which employees have the sense that it is their moral obligation to maintain themselves with the organization. Gelaidan and Ahmad (2013) pointed out that an employee is posed with normative commitment if he realizes the needs that he should repay to the organization as he has received the benefits like skills and knowledge from the organization. On the other hand, continuance commitment relates to the leaving costs of an employee if he chooses to leave his current organization. Employees with continuance commitment are staying in the organization because they feel like there is no alternative, and the personal costs inherent in quitting are too high (Meyer and Allen, 1991; Hackett et al., 1994; Iverson and Buttgieg, 1999).

Psychological Empowerment and Continuance Commitment

Liu et al (2007) stated that empowerment might enhance employees' effectiveness and performance by promoting self-efficacy through motivation or commitment. Jha (2011)

pointed out that employee empowerment not only fosters higher performance but also releases latent knowledge and skills, greatly enhances acceptance of decisions, provides better solutions to problems, reduces resistance to change, increases organizational engagement, reduces stress rates and generally improves people's feelings towards themselves and their environment. Previous studies have indicated that psychological empowerment has a positive relationship with continuance commitment (Marzec, 2014; Spence et al., 2001). Hence, it is hypothesized that:

H1: There is a significant relationship between psychological empowerment and continuance commitment.

Job Satisfaction and Continuance Commitment

Robbins and Judge (2007) stated that the positive attitudes and emotions of employees towards their jobs depend on how they feel about their job. In a study by Yang (2010), the researcher found that job satisfaction made a significant contribution to the results of the continuance commitment, which reduced the intentions of the employees to leave and, as a result, reduced turnover. This also was supported by Aydogdu and Asikgil (2011) where job satisfaction has a positive relationship with continuance commitment. Aydogdu and Asikgil (2011) also claimed that as the factors that generate job satisfaction increases, continuance organizational commitment increases. Thus, it is hypothesized that:

H2: There is a significant relationship between job satisfaction and continuance commitment.

Psychological Empowerment and Normative Commitment

There are fewer studies that discussed the connection between employees' psychological empowerment with their normative commitment in detail. Jha (2011) suggested that normative commitment might be linked to psychological empowerment as well. Jha (2011) also mentioned that organizations would reward self-determined employees and thus stimulate the development of a psychological contract and encourage behavior based on mutuality. Chan (2003) claimed that an employee with a higher level of psychological empowerment would tend to have a stronger sense of normative commitment level towards their current organization. Chan (2003) also found that there is a positive relationship between psychological empowerment and normative commitment. This was confirmed in the subsequent studies by (Marzec, 2014; Yang, 2010). Chan (2003) also revealed that psychologically empowered employees tend to be more emotionally attached to the organization and feel the obligation to remain with the organization. Therefore, based on the above explanation, it is hypothesized that:

H3: There is a significant relationship between psychological empowerment and normative commitment.

Job Satisfaction and Normative Commitment

This paper proposes that job satisfaction will have a significant impact on normative commitment. In a study by Cetin (2006), his hypothesis was supported in which there is a strong correlation existed between job satisfaction and normative commitment. This finding was also supported by the regression analysis of (Aydogdu and Asikgil, 2011). Aydogdu and Asikgil (2011) also claimed that internal factors like use of skills, job variety, experience,

performing things for others are more powerful for the employee to generate a commitment which is based on a feeling of obligation with the organization and a strong belief about being a member of the organization is the right or moral thing to do, than the external factors like pay, promotion, supervision or working condition. Therefore, it is hypothesized that:

H4: There is a significant relationship between job satisfaction and normative commitment.

Methodology

Population, Sample and Sampling Procedure

The total population of this study consists of employees working in Johor SMEs. According to DOSM (2019), there is a total of 907,065 SMEs established in Malaysia, while 10.8% are located in Johor and a total of 5.7 million people who worked with SMEs in Malaysia. The sample size of the study is targeted to be at least 384 respondents which was determined by using Krejcie and Morgan's (1970) sampling table. The convenience sampling method was chosen because it enables the researcher to achieve the sample size in a relatively fast and inexpensive way. An online survey questionnaire was employed in this study which yielded 388 responses.

Measures

The measures of psychological empowerment (8 items) were adapted from the study of Spreitzer (1995). The items of job satisfaction (10 items) were adapted from Spector (1997). Continuance commitment (6 items) was adapted from Meyer and Allen (1997). Normative commitment (5 items) was adapted from Meyer and Allen (1997). A 5-point Likert scale was employed to measure the level of agreement for all the study variables.

Results and Discussion

Profile of the Respondents

Among the 388 respondents, 173 were males, and 215 were females. The majority of the respondents were aged between 26 to 30 years old, which accounted for 44.6% of the respondents. In terms of marital status, 144 of the respondents were married (37.1%) and 244 (62.9%) were single. In the category of education background, most of the respondents (214, 55.2%) were bachelor's degree holders. In terms of job position level, the highest percentage of respondents are those who are working at an executive level as there are 231 or 59.5% of the total respondents. Most of the respondents have worked with their organizations for 1–3 years with the highest frequency of 150 or 38.7% of the total respondents.

Factor Analysis and Reliability Test

Factor analysis was performed by employing Principal Component Analysis (PCA) to assess the validity of the study variables. Table I shows the results of factor analysis for the independent variables (i.e. psychological empowerment and job satisfaction). Table II indicates the results of factor analysis for the dependent variable (i.e. continuance commitment and normative commitment). All the variables were deemed reliable as they had surpassed the alpha value of 0.70, as suggested by (Tavakol and Dennick, 2011).

Table I

Factor Analysis for the Independent Variables

Item	Description	Factor Loading	
		1	2
PES_1	The work I do is very important to me.		0.722
PES_2	My job activities are personally meaningful to me.		0.666
PES_3	I am confident about my ability to do my job.		0.844
PES_4	I have mastered the skills necessary for my job.		0.770
PES_8	I have significant influence over what happens in my department.		0.560
JSS_1	I feel that my salary is fair for the job I done.	0.746	
JSS_2	I enjoyed the benefits which are similar to most other organizations offered.	0.773	
JSS_3	I have an equitable benefit package.	0.774	
JSS_4	I feel satisfied with my opportunity for salary increment.	0.844	
JSS_5	There are fair chances of promotion for those who perform well.	0.844	
JSS_6	My efforts are being rewarded the way they should be.	0.867	
JSS_7	I received the recognition that I should receive when I do a good job.	0.843	
JSS_8	My efforts to do a good job are seldom blocked by red tape.	0.534	
Eigenvalue		6.715	1.550
Percentage of Variance Explained (%)		51.658	11.921
Cumulative Percentage (%)		51.658	63.578
Reliability Coefficient (Cronbach Alpha)		0.928	0.808

Note: KMO = 0.898, Bartlett's test of Sphericity; Approx. Chi-Square = 3322.312, $p < 0.01$.

Table II
Factor Analysis for Organizational Commitment

Item	Description	Factor Loading	
		1	2
CC_3	I am afraid of what might happen if I resigned from my current job without having a backup.		0.806
CC_4	It would be difficult for me to quit my job now, even if I wanted to.		0.801
CC_5	Too much in my life would be disrupted if I decided to quit my job now.		0.878
CC_6	It will be very costly for me to quit my job now.		0.834
NC_2	I was taught to believe in the value of loyalty to one organization.	0.813	
NC_3	One of the reasons I continue to work here is that I believe loyalty is important and have a sense of moral duties to remain.	0.869	
NC_4	I feel that it is unethical to jump from one organization to another.	0.873	
NC_5	It is inappropriate for me to leave my organization even if I got a better job offer elsewhere.	0.859	
Eigenvalue		4.674	1.469
Percentage of Variance Explained (%)		58.419	18.360
Cumulative Percentage (%)		58.419	76.779
Reliability Coefficient (Cronbach Alpha)		0.909	0.887

Note: KMO = 0.863, Bartlett's test of Sphericity; Approx. Chi-Square = 2116.598, $p < 0.01$.

Correlation Analysis

The correlation among the independent variables (psychological empowerment and job satisfaction) and dependent variables (continuance commitment and normative commitment) was being analyzed through Pearson correlation analysis. Table III shows the Pearson correlation analysis of all variables through SPSS analytical software. The results show that there are positive correlations between independent variables (psychological empowerment and job satisfaction) and dependent variables (continuance commitment and normative commitment).

Table III
Pearson Correlation for the Study Variables

	Psychological Empowerment	Job Satisfaction	Continuance Commitment	Normative Commitment
Psychological Empowerment	1			
Job Satisfaction	0.592**	1		
Continuance Commitment	0.299**	0.336**	1	
Normative Commitment	0.408**	0.528**	0.525**	1

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

A positive value of the Pearson correlation coefficient (r) indicates a positive correlation between two variables. The strongest positive correlation appeared between job satisfaction and normative commitment with a value of 0.528 ($p < 0.01$). In contrast, psychological empowerment and continuance commitment have the weakest positive relationship at 0.299 ($p < 0.01$) as compared to other variables. Moreover, psychological empowerment and normative commitment have a positive relationship with a value of 0.408 ($p < 0.01$) yet the positive relationship value for job satisfaction and continuance commitment is 0.336 ($p < 0.01$).

Multiple Regression Analysis

Table IV shows the multiple linear regression analysis among the independent variables and dependent variables. The results indicate that both of the independent variables can explain the variance of continuance commitment ($R^2 = 0.128$) and normative commitment ($R^2 = 0.293$). The analysis reveals that both independent variables have a significant positive relationship with dependent variables. For continuance commitment, job satisfaction ($\beta = 0.224$, $p < 0.05$) has the strongest relationship with continuance commitment, followed by psychological empowerment ($\beta = 0.154$, $p < 0.05$). Similarly, for normative commitment, job satisfaction ($\beta = 0.440$, $p < 0.05$) has the strongest relationship with normative commitment, followed by psychological empowerment ($\beta = 0.148$, $p < 0.05$). Therefore, hypotheses H1, H2, H3, and H4 are accepted.

Table IV

Multiple Regression Analysis for the Independent Variables and organizational commitment

Independent Variables	Continuance Commitment				H	Result
	Beta, β	Sig.	B	Std. Error		
Psychological Empowerment (PES)	0.154*	0.009	0.223	0.085	H1	Accepted
Job Satisfaction (JSS)	0.244*	0.000	0.290	0.070	H2	Accepted
F value	28.273					
R square	0.128					
Independent Variables	Normative Commitment				H	Result
	Beta, β	Sig.	B	Std. Error		
Psychological Empowerment (PES)	0.148*	0.006	0.230	0.083	H3	Accepted
Job Satisfaction (JSS)	0.440*	0.000	0.566	0.068	H4	Accepted
F value	79.666					
R square	0.293					

*Significant at the 0.05 level.

The findings showed that there are significant positive relationships between job satisfaction and continuance commitment ($\beta = 0.224$, $p < 0.05$) and normative commitment ($\beta = 0.440$, $p < 0.05$). According to Glisson and Durick (2011), job satisfaction is an answer to specific duties and experience, while organizational commitment is an answer to belief in an organization. Cetin (2006) emphasized that if an individual is satisfied with his job, she or he will feel more committed to her or his job. Cetin (2006) also mentioned that shared goals and the opportunity for career advancement serve as the main pillars of this kind of commitment. Self-confidence should be encouraged by the employers as this might be the best way to improve employees' job satisfaction level, and it can be encouraged by way of recognition,

feedback or training (Chelliah et al., 2015). Aydogdu and Asikgil's (2011) study claimed that job satisfaction increases employees' organizational commitment to stay in the organization. Malaysia is a country that embraced a collectivist culture, tends to have more shared values and prompted the spirit of being loyal to the organization when they feel satisfied with the job. Next, it was revealed that psychological also significantly related to continuance commitment ($\beta=0.154$, $p<0.05$) and normative commitment ($\beta=0.148$, $p<0.05$). Jha (2011) stated that the perception of employees about the meaningfulness of the task is essential for commitment. An employee with a higher level of psychological empowerment will tend to have a higher level of organizational commitment towards his or her organization (Chan, 2003). Embracing an empowered practice make employees feel confident and appreciated by the organizations as well as job security and followed by an increase in their productivity. When employees are willing to put in more effort to increase their productivity, they have a higher tendency to commit to the organization (Long et al., 2016).

Conclusion

This study provides a coherent view of the relationship between psychological empowerment and satisfaction of job towards the organizational commitment of employees in the Johor SME sector in Malaysia. This research provided empirical evidence for the organization to have a better understanding of how to improve employees' organizational commitment by way of their psychological empowerment and job satisfaction level. When an organization has an effective policy to improve employees' organizational commitment, it will lead the organization to get one step closer to organizational success as employees' turnover rate will be reduced effectively.

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