

Effects of Motivational Factors on Employees’ Organizational Commitment A Case Study in HCMC Trade Union Tourism Joint Stock Company

PHẠM XUÂN LAN

Doctor of Philosophy, University of Economics HCMC

Email: lanqtkd@ueh.edu.vn

THÁI DOÃN HỒNG

Master of Arts, Á Đông Tourist JSC

Email: tdhongisme@gmail.com

ABSTRACT

The paper determines motivational factors affecting employees’ organizational commitment in HCMC Trade Union Tourism Joint Stock Company. The research model and scales are constructed on findings of Kovach (1987) and qualitative research results. The paper figures out four important motivational factors, that is: (1) company trade mark and image, (2) good wages, (3) leadership, and (4) interesting work.

Keywords: motivation, organizational commitment

1. INTRODUCTION

Together with the rapid economic development, human resources have become a matter of concern to many enterprises and a keynote focus of business development strategies. Under fierce competition, highly-qualified, well-motivated, creative and dynamic human resources are an invaluable treasure and a crucial competitive edge of an enterprise. Nonetheless, the problems for managers are how to retain adept employees, motivate and make them more committed to the company. In fact, there have been numerous theories and researches that can enable managers to tackle such the problems.

2. THEORETICAL BACKGROUND

a. Motivational Factors:

Studying motivational factors and the relationship between motivation and employees' loyalty is a familiar topic that has intrigued plenty of researchers. Pioneers in the field of behavior research have expressed various opinions on motivation.

The first is Maslow (1943) who extended a hierarchy of needs or a five-level pyramid of needs with the very fundamental ones (i.e. physiological needs, safety, social needs, and esteem needs) at the bottom and self-actualization at the top. He recommends that the most fundamental levels of needs must be well satisfied before the employee strongly desires higher-level needs. He also asserts that once needs are met, motivation will vanish and new needs become new stimuli to the employee's behavior.

Unlike Maslow (1943), McGregor (1957) laid out hypotheses X and Y which represent assumptions about human nature and human behavior. Hypothesis X states that employees generally like to be closely supervised to do their jobs, are irresponsible, and are motivated by money and threat of punishment. In the meantime in hypothesis Y, employees are generally able to assume responsibility, creative, and self-controlled in their jobs. With hypothesis Y, employees are motivated by social needs, esteem needs, and self-actualization.

Herzberg, Mausner and Snyderman (1959) discussed two kinds of job satisfaction namely intrinsic satisfaction (which is caused by achievements and recognition of job) and extrinsic one generated from a satisfactory income and job security. Vroom (1964) added that in order for employees to be motivated to attain a certain goal (which is

supposed to be appropriate to that of the organization), the manager must help them perceive that their attempts will be appropriately rewarded. Yet rewarding will be positive if it can motivate employees to work better, and negative when it demotivates employees.

Unlike Maslow's viewpoint on hierarchical development of needs, Alderfer (1972) believed that employees try to satisfy all needs at the same time rather than one by one as suggested by Maslow. Once a need is not met, the employee will focus on satisfying others.

Hackman and Oldham (1980) expressed a new viewpoint on motivation when taking the factor of job characteristics into consideration. As they put it, employees wish to get task feedback, autonomy, skill variety, task identity and task significance.

With a new view on human motivational needs, McClelland (1988) described three types of motivational needs, that is, achievement, authority/power, and affiliation. The promotion and efficiency of an organization has a close relationship with the authority/power motivation, which in its turn will directly affect employees' satisfaction.

In addition to aforementioned motivational needs, the theory of equality states that workers of an organization always hope to be equally treated, and they tend to compare their devotion to the assigned task with allowances and bonuses given to them (a.k.a. individual equality). Furthermore, they also compare their allowances and bonuses with those of others (a.k.a. social equality).

In Vietnam there has been plenty of researches on human motivational factors. As Quân and Khanh (2004) figured out, there are three primary groups of motivational factors, that is: (1) material factors such as remuneration and working environment; (2) spiritual factors such as superior's concern and recognition; and (3) factors related to job nature including inspiration, creativity, etc. Dung and Vy (2011) in their research on factors affecting the motivation of workers in HCMC did also develop a scale of four motivational factors namely appropriate job, attractive remuneration policy, good colleagueship, and corporate image. Of these four factors, the attractive remuneration policy has the strongest impacts on the motivation of workers.

b. Employee's Attachment to the Organization:

According to Allen and Meyer (1990), the organizational commitment is the psychological state that represents the employee's attachment to the organization and

causes them to be more committed to the organization. An individual promise to the organization implies a strong commitment to the job, loyalty and trust in values (O'Reilly, 1996). According to Mowday, Steers and Porter (1979), the organizational commitment refers to the power of identification with and the involvement in the organization. Those who express a strong attachment to the organization are more satisfied with their job and rarely quit it or leave the organization. Accordingly, they tend to maintain their job in the organization as they want thus (Ghani et al., 2004).

Muthuveloo and Rose (2005) proved that organizational commitment sharply affects the organization's business performance. The stronger the organizational commitment, the higher the employees' loyalty to the organization. Therefore, in order to consolidate the employee's commitment, administrative managers need to establish a positive collegiality with their inferiors and simultaneously encourage their loyalty and dedication to the company. The prouder the employee feels for being a member of the company, the stronger their commitment to the company.

c. Relationship between Motivational Needs and Organizational Commitment of Employees:

By integrating various viewpoints on motivation, Kovach (1987) set up ten motivational factors affecting the employee's organizational commitment. They are: interesting work, appreciation of work, feeling of being in on things, job security, good wages, opportunities for promotion/growth, good working conditions, personal loyalty to employees, tactful discipline, and sympathetic help with personal problems.

3. RESEARCH METHODOLOGY

a. Theoretical Model:

The present paper is based on the ten-factor model of Kovach (1987) to develop a theoretical model of impacts of motivational needs on the employee's organization commitment. The Kovach's model (1987) is chosen due to a fact that its representativeness is rather high, and that it can be integrated into various industries and economies such as Hong Kong (Siu, Tsang & Wong, 1997), and Russia (Linz, 2002).

The ten motivational factors developed by Kovach (1987) comprise:

- Interesting work: represents the variety, creativity and challenges of the work as well as opportunities to tap personal potentials.

- Appreciation for work done: represents the full recognition of successful completion of given tasks as well as contribution to the general success of the company.

- Feeling of being in on things: The employee is fully empowered to control and assume responsibility for their task, and encouraged to take part in the decision-making process as well as contribute original ideas and initiatives.

- Job security: Job is secured and the employee does not have to worry about being redundant.

- Good wages: The employee's wage and salary is corresponding to their performance, which must help them support the daily life. Additionally, employees receive bonuses or a pay raise according to their performance.

- Promotion/growth in organization: Employees are exposed to equal opportunities for promotion and development in the organization.

- Good working conditions: Employees are assured of their safety, hygiene and working hours.

- Personal loyalty to employees: Employees are fully respected and trusted as important members of the company.

- Tactful discipline: The employer's criticism, comment, or discipline toward employees must be made in a tactful and subtle manner.

- Sympathetic help with personal problems: The superior must show his/her concern about employees' personal problems and then help them out.

b. Research Model:

In-depth interviews with 20 employees of HCMC Trade Union Tourism JSC were conducted to collate their ideas and responses and then adjust the research model (i.e. observed variables) to practicalities. As the results show, the research model contains plenty of similarities and few discrepancies in comparison with the Kovach's ten-factor model (1987). Specifically, the present paper extends two new factors and adjusts the following four ones:

- "Good working conditions" is replaced by "Good working conditions and environment".

- "Personal loyalty to employees" is replaced by "Leadership".

- "Tactful discipline" is replaced by "Rewards".

- “Sympathetic help with personal problems” is replaced by “Job feedbacks”.

The two new factors added to the model include “collegiality” and “company image”. Such addition is based on findings by Dung and Vy (2011) and in-depth interviews with 20 employees. Almost all interviewees refer to impacts of these two new components.

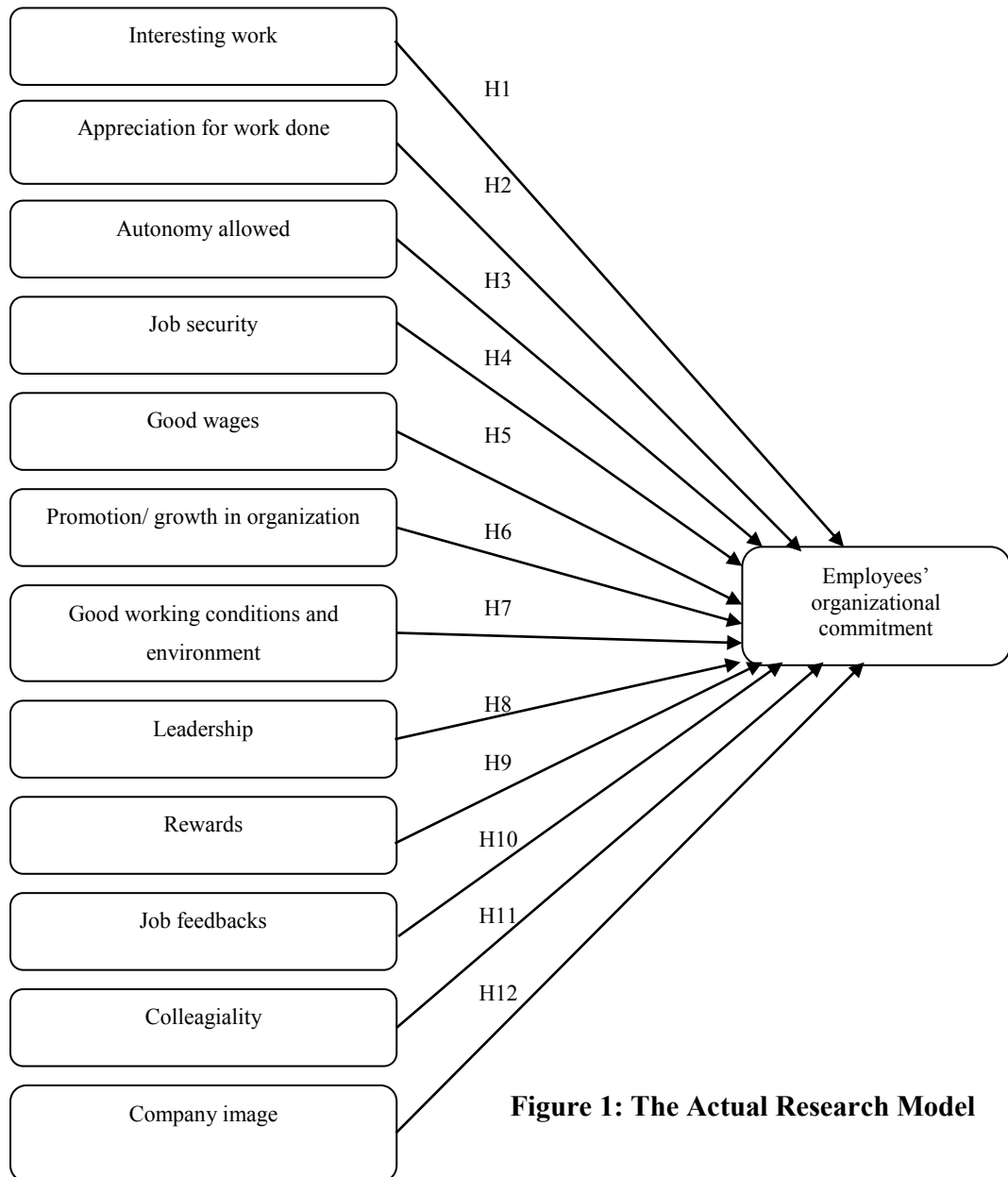


Figure 1: The Actual Research Model

The following hypotheses are formulated:

- H1: The more employees are interested in the job, the more they become committed to the company.
- H2: The higher employees are appreciated and praised for work done, the more they become committed to the company.
- H3: The more autonomy is allowed, the more they become committed to the company.
- H4: The firmer employees' job is secured, the more they become committed to the company.
- H5: The higher employees' wages are, the more they become committed to the company.
- H6: The more opportunities for promotion and growth employees have, the more they become committed to the company.
- H7: The better the working conditions and environment are improved, the more employees become committed to the company.
- H8: The more respectful and fair the superiors' treatment to subordinates is, the more employees become committed to the company.
- H9: The greater the reward is, the more employees become committed to the company.
- H10: The more constructive and immediate personal feedback on the job is, the more employees become committed to the company.
- H11: The closer the collegiality is, the more employees become committed to the company.
- H12: The more employees feel proud of the company image, the more they are committed to the company.

c. Research Scales:

Based on the ten-factor scale of Kovach (1987) and findings of related researches, the present research constructs the following scales:

(1) Interesting work: It is adapted from the factor "Interesting work" of Kovach (1987) and "Job characteristics" in Herzberg (1959), Hackman and Oldham (1980), including the following four observed variables:

- The job enables employees to tap their potentials.
- The job is interesting.
- The job is challenging.
- The job enables employees to improve their professional skills and expertise.

(2) Appreciation for work done: It is developed from the factor “Full appreciation for work done” in Kovach (1987) and “Being recognized by the superior” in Maslow (1943) and Herzberg (1959); and from the expectations theory by Vroom (1964). This scale is measured by the following three observed variables:

- The superior precisely evaluates and appreciates employees’ ability.
- Employees’ contributions to the corporate development are recognized by the superiors and colleagues.
- Employees are often praised by the superiors for successful completion of assigned tasks or having useful contributions to the organization.

(3) Autonomy: It is adapted from “Feeling of being in on things” of Kovach (1987) and “Autonomy/Needs for achievement” of Herzberg (1959), Hackman and Oldham (1980), and McClelland (1988). It is measured by the following three observed variables:

- Employees are fully empowered in accordance with their current position.
- Employees are provided with autonomy and shall assume the full responsibility for their decision and work.
- Employees are encouraged to take part in significant decisions of the company and offer initiatives.

(4) Job security: This scale is employed by Kovach (1987), Herzberg (1959), and Hackman and Oldham (1980); and is measured by the following two observed variables:

- The current job is secured.
- Employees do not worry about being made redundant.

(5) Good wages: This factor is discussed in Kovach (1987) and the Theory X of McGregor (1957). As Stanton and Crodley (2000) put it, the pay satisfaction is related to employees’ awareness of equality in payment. It is measured by the followings:

- Employees are well paid.

- Employees' remuneration is corresponding to their performance.
- Employees are satisfied with the current pay level.
- Employees are paid appropriately and rationally.
- Employees are satisfied with stipends, allowances, and the likes.

(6) Opportunities for further training and promotion: It is developed from the factors "Promotion/growth in organization" in Kovach (1987) and "Opportunities for promotion" in Maslow (1943), Herzberg (1959) and McClelland (1988). According to Stanton and Croddley (2000), the factor "opportunities for training and promotion" relates to the employee's awareness of opportunities for training, development of personal potentials, and promotion in the organization. It is measured by the following variables:

- There are plenty of opportunities for promotion.
- Employees have knowledge of policy, criteria and requirements for promotion.
- The company always enables the employees to develop themselves.
- Employees are given further professional training courses.
- Employees are enabled to enhance their knowledge of IT and foreign languages.

(7) Good working conditions and environment: It is adapted from "Good working conditions" of Kovach (1987), Maslow (1943), the theory Y of McGregor (1957), and the expectations theory of Vroom (1964). This scale is measured by the following variables:

- Employees are provided with sufficient equipment to work.
- The working environment is fresh and clean.
- Requirements for labor safety are strictly met.
- Employees feel safe and convenient to work in the current working environment.
- The company does not regularly require employees to work overtime.

(8) Leadership: It is synthesized from three factors "Personal loyalty to employees", "Sympathetic help with personal problems" and "Tactful discipline" in Kovach (1987) [Simultaneously, it is also developed on the ground of the Theory Y of McGregor (1957), Herzberg (1959), McClelland (1988)], and "Equal treatment" in the expectations theory of Vroom (1964). This scale is measured by the following six variables:

- You are always treated with respect and trust by the superior.
- You are treated fairly and indiscriminately by the superior.
- Your advice on the job is consulted by the superior.
- You are encouraged to participate in the company's important decisions.
- The superior stands up for your benefits.
- The superior seeks a tactful way of criticizing or disciplining inferiors.

(9) Rewards: It was referred to in researches by Vroom (1964) and Eshun and Duah (2011) as a motivation for better working. This scale is measured by the following three observed variables:

- The company adopts a performance-based rewarding policy.
- The reward is corresponding to contributions.
- The rewarding policy is promulgated in a timely, clear-cut, fair and public manner.

(10) Job feedback: It is modified on the basis of empirical analyses and evaluation of group discussions; along with results from the research by Hackman and Oldham (1980). This scale is measured by four variables, namely:

- Employees are always kept informed of their job efficiency.
- The level of task completion is punctually commented.
- Employees are satisfied with feedback from the superior concerning their performance.
- Amendment to the company policy, procedures, etc. is announced fully and timely.

(11) Collegiality: It is modified on the basis of empirical analyses and evaluation of group discussions along with results from researches by Herzberg (1959), Alderfer (1972), McClelland (1988), and the Theory Y of McGregor (1957). This scale is measured by three variables:

- Colleagues are intimate and out-going.
- There is a good collaboration among colleagues.
- Colleagues are willing to help each other and share their experience.

(12) Company image: It is modified on the basis of researches by Dung and Vy (2011), and Duyên and Thi (2010) concerning factors affecting decision to work for state-run enterprises.

- Employees are proud of the company image.
- Employees are proud of being a member of the company.
- Employees believe in a brighter future awaiting them when working for the company.
- The company produces high-quality products and services.

(13) The employee's organizational commitment: Definition of this component is based on opinions of Allen and Meyer (1990), O'Reilly (1996), Mowday, Steers and Porter (1979), and Ghani et al. (2004). It is measured by the following six observed variables:

- Employees want to work for the company until their retirement.
- Employees keep working for the company even when they are given a more attractive offer by another company.
- Employees highly appreciate the company's motivational policy and want to attach themselves to the company in the long term.
- Employees feel excited about working for the company.
- Employees consider the company as their second home.
- Employees always remain loyal to the company.

4. QUANTITATIVE RESULTS

This research measures impacts of motivational factors on the employee's organizational commitment; and simultaneously test the proposed theoretical model as well as related hypotheses by means of Cronbach Alpha, EFA and multi-variable regression.

The data are collated by face-to-face interviews and questionnaires constructed after a qualitative research.

a. Sample Characteristics:

Samples are chosen conveniently and 254 questionnaires were distributed among respondents who have been working for HCMC Trade Union Tourism JSC. The total number of returned questionnaires is 240. However, there are seven inappropriate ones

and thus are omitted. Of 233 appropriate ones, around 61.8% are female and 38.2% are male. Those aging under 30 account for 58.8%, from 30 to 55 being 37.8%, and over 55 representing 3.4%. In terms of educational level, approximately 20.2% owns a high-school degree or lower, 50.2% with a post-secondary degree or a college degree, and 29.6% with a university degree or higher. In terms of seniority, those working for the company less than three years account for 39.9%, from three to five years being 30.5%, and more than five years constituting 29.6%. With regard to monthly income, those earning less than VND5 million make up around 62.5% of respondents, and those with a monthly income ranging between VND5 million and VND10 million constitute 34.8%.

b. Scale Testing Results:

- Scales of motivational components:

After analyzing 233 appropriate samples, the reliability coefficients of 11 scales are greater than 0.7; except for “Job security” whose Cronbach alpha is 0.694. The total-item correlation coefficients of all observed variables of all 12 scales are greater than 0.6.

With KMO equaling 0.904 and the significance of Bartlett test being smaller than 0.000, eight factors are extracted, which have the total variance extracted of 73.2%. The eigenvalue of each is greater than 1. Six factors still maintaining their original components include leadership, good wages, company image, collegiality, interesting work, and job security. There are just four components for “good working conditions and environment” and two for “feeling of being in on things”, while one more is added to “job feedback”.

Factoral values

Factors	Eigenvalue	Variance extracted	Cronbach Alpha
1	11.038	12.377	0.883
2	3.273	11.639	0.874
3	2.013	11.494	0.900
4	1.537	9.118	0.914
5	1.391	8.827	0.828
6	1.321	8.111	0.796

7	1.075	6.822	0.774
8	1.039	4.795	0.694
Total		73.183%	

- The scale of organizational commitment:

The reliability coefficient of “the organizational commitment” is 0.904; and the total-item correlation coefficients of observed variables are greater than 0.6.

After performing EFA, six observed variables of “employees’ organizational commitment” are accepted and integrated into one; and no observed variable is rejected. KMO is 0.893; the variance extracted reaches 67.815%, and factor loadings of all six observed variables are greater than 0.5 and thus are acceptable.

c. Adjusted Model:

“Employees’ organizational commitment” (GANBO) is the dependent variable and eight independent variables are:

Variable 1: Leadership (LANHDAO) with six components.

Variable 2: Good wages (LUONGCAO) with five components.

Variable 3: Company image (THUONGHIEU) with four components.

Variable 4: Collegiality (DONGNGHIEP) with three components.

Variable 5: Good working conditions and environment (MT_DK) with four components.

Variable 6: Interesting work (THICHTHU) with four components.

Variable 7: Feeling of being in on things (TUCHU) with three components.

Variable 8: Job security (ONDINH) with two components.

Regression equation

$$\text{GANBO} = \beta_0 + \beta_1 * \text{LANHDAO} + \beta_2 * \text{LUONGCAO} + \beta_3 * \text{THUONGHIEU} + \beta_4 * \text{DONGNGHIEP} + \beta_5 * \text{MT_DK} + \beta_6 * \text{THICHTHU} + \beta_7 * \text{TUCHU} + \beta_8 * \text{ONDINH}$$

Where β_0 is a constant; and $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8$ are regression coefficients.

d. Correlation Analysis:

Four out of eight variables are correlated with each other (Sig. < 0.05) and have a positive relationship with the dependent variable (GANBO). The statistical significance of the remainder is greater than 0.05.

Assumption of standard normal distribution of residuals is not violated when performing multiple linear regression analysis: The residuals are normally distributed with the mean being nearly zero and the standardized deviation approaching 1 (i.e. 0.983). Observed data is plotted quite close to the expected values line in the Q-Q plot; or in other words, the residuals are normally distributed.

Testing multicollinearity: The tolerance of all observed variables is greater than 0.5 and the variance inflation factor (VIF) smaller than 10. Thus, there is no multicollinearity in the model.

Regression analysis: The research model with significance F smaller than 0.001 can explain 60.8% of impacts from four independent variables (i.e. company image, good wages, leadership, and interesting work) on the employee's organizational commitment. The results of regression analysis show that only hypotheses H1, H5, H8, and H12 are not rejected while the remainder are rejected. Of chosen ones, the "company image" has the strongest influence on the organizational commitment, followed by "good wages", "leadership", and "interesting work".

Table 1: Standardized Regression Coefficients

Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	.589	.201		2.930	.004		
	LANHDAO	.111	.055	.109	2.024	.044	.582	1.718
	LUONGCAO	.145	.050	.151	2.881	.004	.612	1.635
	THUONGHIEU	.564	.055	.611	10.181	.000	.469	2.133
	DONGNGHIEP	-.051	.046	-.057	-1.108	.269	.634	1.577

MT_DK	-.014	.056	-.014	-.258	.796	.567	1.763
THICH THU	.104	.053	.105	1.976	.049	.595	1.681
TUCHU	-.061	.056	-.061	-1.089	.277	.535	1.869
ONDINH	.027	.046	.030	.577	.564	.618	1.617

a. Dependent Variable: GANBO

5. CONCLUSIONS AND IMPLICATIONS

The research on impacts of motivational factors on the employee's organizational commitment in HCMC Trade Union Tourism JSC shows that:

- There are four motivational factors affecting the employee's organizational commitment, that is: company image, good wages, leadership, and interesting work.

- The "company image" has the strongest impact on the organizational commitment, and then "good wages", "leadership", and "interesting work". This finding matches the employees' present perception in most of enterprises. Employees will feel confident and believe in a long-term collaboration with the company as well as a brighter future for their life once they are able to work for a company with a well-known trade name. Yet, in the current context when the standard of living is also quite low, the "good wages" might, to some extent, decide the level of organizational commitment.

- The marks of influential factors range between 2.8 and 3.6 (using the five-point Likert scale), and thus impacts of these factors is just moderate. Especially, the "good wages" just reaches 2.8, lower than the average point, and accordingly the "organizational commitment" just reaches 3.5.

Via the aforementioned things, in our humble opinions, managers of the HCMC Trade Union Tourism JSC should attend to some of the followings to retain adept employees and make them more committed to the company. Specifically:

- It is necessary to polish the company image and makes it a well-known trade mark in the market. In deed, employees will feel proud of a well-known company and would like to work for it in the long term.

- Remuneration policies must be attractive, fair, and corresponding to the employee's performance, which can stimulate employees to work more efficiently for one thing, and for another can convey them a sense of equality within the company.

- Administrators and managers should improve their communicative skills, and are willing to help them out. Besides, a friendly attitude, equal treatment, self-esteem and readiness to listen to the subordinates' ideas are also crucial. The subordinates should be allowed to participate in operating and deciding important issues of the company.

- Finally, in order to enhance the employee's organizational commitment, the superiors should attend to designing tasks and making them more attractive and challenging. Empowerment is also useful to stimulate the employee's creativity. A convenient and comfortable working conditions and environment can enhance employees' performance.

6. LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Due to a fact that the present research is just conducted in the HCMC Trade Union Tourism JSC and samples are chosen conveniently, the applicability for other enterprises of the same interest is not high. In future research, it is possible to study impacts of motivational factors on the employee's performance, which might serve as a prerequisite for related research■

References

- Allen, N.J & J.P. Meyer (1990), "The Measurement and Antecedents of Affective, Continuance and Normative Commitment to the Organization", *Journal of Occupational Psychology*, Vol.63(1), pp.1-18.
- Dung, T.K. & N.N.L. Vy (2011), "Thang đo động viên nhân viên", *Phát triển Kinh tế*, No.244.
- Hackman, J.R. & G.R. Oldham (1976), "Motivation through the Design of Work – Test of a Theory", *Organizational Behaviour and Human Performance*, Vol.16 (2), pp.250-279.
- Herzberg, F. (1987), "One More Time: How Do You Motivate Employees?", *Harvard Business Review*, pp.1-16.
- Kovach, K.A. (1987), "What Motivates Employees Workers and Supervisors Give Different Answers", *Business Horizons*, pp.58-65.
- Maslow, A.H. (1943), "A Theory of Human Motivation", *Psychological Review*, Vol.50(4), pp.370-396.
- McGregor, D.M. (1957), "The Human Side of Enterprise", *Management Review*, Vol.46, No.11, pp.22-28.

- Martin, A.J., H.W. Marsh & R.L. Debus (2001), "A Quadripolar Need Achievement Representation of Self-Handicapping and Defensive Pessimism", *American Educational Research Journal*, Vol.38, pp.583-610.
- Quân, V.D.H. & P. Khanh (2004), "Lý giải về tác động của động viên đối với thành tích công việc của nhân viên", *Phát triển Kinh tế*, No.163.
- Siu, V., N. Tsang & S. Wong (1997), "Motivating Hong Kong Hotel Employees", *The Cornell Hotel and Restaurant Administration Quarterly*, Vol.38(5), pp.44-49.