

## Evaluation of Employee's Organizational Commitment: The Case of Construction Enterprises



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**ABSTRACTS:** Construction enterprises play an important role in the process of socio-economic development. They contribute to GDP growth and macroeconomic stability, create jobs and incomes for workers, promote rural economic restructuring. Human resources in the construction enterprises in Hanoi all have a high level of education, an understanding of high socio-economic knowledge and a certain level of training can have a positive effect on the performance of construction enterprises. This research was conducted to measure the employees' organizational commitment in construction enterprises in Hanoi. Data were collected through a survey with 150 office workers and technical personnels of construction enterprises in Hanoi. With this data, we have used descriptive statistics, Cronbach's Alpha analysis to identify and measure twelve (12) attributes of employees' organizational commitment in Hanoi. The results showed that employees' organizational commitment is highly appreciated by respondents. Based on the findings, some recommendations are given to improve employees' organizational commitment in the construction enterprises in Hanoi.

**KEY WORDS:** Organizational commitment, employees, human resources, salary, construction enterprises

**JEL code:** E64, P46, J31

### 1. INTRODUCTION

Organizational commitment is a psychological state characterized by the relationship between members and their organization. It influences the decision to continue or suspend the membership status with that organization (Meyer & Allen, 1997). Organizational commitment is a state of existence in which members of an organization are limited by actions and beliefs that help them maintain their levels of engagement with an organization (Miller & Lee, 2001). Organizational commitment has a great influence on organizational performance (Nehmeh, 2009). An individual's commitment to the organization is an important factor in organization's achieving competitive advantage (Bryant et al., 2007).

In the context of international integration and the industrial revolution 4.0, the competition between businesses has become more challenging than ever. The recruitment process is itself difficult, however, the ways to retain employees is even more difficult. Retaining the right employees who are suitable for the organization becomes a big challenge for any business that wants to succeed in the current market (Dunnagan et al., 2013).

Construction enterprises play an important role in the process of socio-economic development. They contribute to GDP growth and macroeconomic stability, create jobs and incomes for workers, promote rural economic restructuring.

According to Business Monitor International (BMI), Vietnam's construction industry is predicted to have an average growth rate of 6.9% per year in the next 10 years. Although this rate is slightly down from the average of the previous 10 years (7.1%/year), it is still a high level compared to the world average. This will be a huge potential market for the construction industry to develop in the future. However, construction enterprises in Vietnam still face many difficulties. The adverse effects of the economic crisis, the continuous fluctuations of interest rates and inflation as well as the management policies of the State have directly affected the construction enterprises. In particular, in recent years, job abandonment is becoming a problem of construction enterprises.

From the above reasons, this study is both theoretically and experimentally critical and meaningful.

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### 2. MEYER AND ALLEN'S THEORY OF EMPLOYEE ORGANIZATIONAL COMMITMENT (1997)

Meyer and Allen (1991) developed a three-component concept of organizational commitment which refers to affective commitment, continuance commitment and normative commitment. Meyer and Allen (1991) argue that although there are many different definitions, they all reflect three common concepts: emotional attachment to the organization, the costs associated with leaving the organization and obligation to stay with the organization.

**Affective commitment:** According to Meyer and Allen (1997), affective commitment is the feeling of attachment to the organization, the identification of one's position in the organization and the desire to work within the same organization. Members who are attached to an organization on an emotional basis will continue to contribute to the organization because they desire to do so (Meyer & Allen, 1991). To sum up, affective commitment represents an individual's emotional attachment to their organization.

**Continuance commitment:** According to Meyer and Allen (1997), continuance commitment is an assessment of the costs associated with leaving an organization. This type of commitment is based on the individual employee's point of view or on the cost-risk balance of leaving the current organization (Meyer & Allen, 1997). Meyer and Allen (1991) further pointed out that employees who have an organizational commitment of this type mainly stay with the organization because they need to. This is also the biggest difference between affective commitment (stay because of preference) and continuance commitment (stay because they need to).

**Normative commitment:** According to Meyer and Allen (1997), normative commitment can be defined as a sense of obligation to continue working in the current organization. Ethical beliefs about ingrained responsibility and obligation make individuals feel obligated to maintain a relationship with their current organization (Allen & Meyer, 1990). Employees with a sense of normative commitment feel that they should stay with the current organization (Meyer & Allen, 1991). In other words, from an ethical perspective, employees stay with the organization because they feel that it is the right thing to do.

Meyer and Allen (1991) argue that moral obligations arise through socialization in the organization itself or in its surroundings on a cyclical basis. In other words, if an employee receives a benefit, it places the employee or their organization under an ethical obligation to behave kindly

### 3. RESEARCH METHODOLOGY

Inheriting the results of previous studies by Meyer and Allen (1997) and by using a qualitative research approach namely interviews with selected experts to perform a quantitative research, we have identified the following 12 attributes (scales) of employees' organizational commitment.

Then, we made a questionnaire consisting of 12 observation variables with a 5-point Likert scale, from 1 "without commit" to 5 "strongly" (see Table 1). The collection of data was done through a survey of 150 office workers and technical personnels of construction enterprises in Hanoi, for the period 2020-2021, close to this study period. Therefore, their feedback on the employees' organizational commitment is considered very appropriate.

From 200 questionnaires we sent, we received the feedback of 160 respondents. After checking the information on the returned questionnaires, we have only 150 questionnaires with full information for data entry and analysis, the size of this sample is consistent with study of Hair et al (1998), namely  $n = 5 \times m = 5 \times 12 = 60$ . Therefore, the rest of observations for the analysis are 150 surveys (75.0%). Most respondents have bachelor degree or higher. As can be seen, all participants are at high quality knowledge, and this makes surveys' answer are reliable.

We then used the descriptive statistics, Cronbach Alpha analysis via SPSS 22 to measure the employees' organizational commitment in construction enterprises in Hanoi.

**Table 1: Attributes of employees' organizational commitment in construction enterprises in Hanoi**

Code	Scale	Sources
<b>Affective commitment (AC)</b>		
AC1	I am very happy to continue my career with this enterprise	Mayer & Allen (1997), the results of interviewing experts
AC2	I am very happy to talk to friends, relatives, and other people about the enterprise I am working for	Mayer & Allen (1997), the results of interviewing experts
AC3	I feel that the problems faced by the enterprise are also my own problems	Mayer & Allen (1997), the results of interviewing experts

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AC4	This enterprise means a lot to me	Mayer & Allen (1997), the results of interviewing experts
<b>Continuance commitment (CC)</b>		
CC1	It would be very difficult for me to give up the enterprise now even if I wanted to	Mayer & Allen (1997), the results of interviewing experts
CC2	My life will be negatively affected if I decide to leave the enterprise now	Mayer & Allen (1997), the results of interviewing experts
CC3	That I stay in the enterprise to work is necessary and is my desire	Mayer & Allen (1997), the results of interviewing experts
CC4	I feel like I have few choices if I leave this enterprise	Mayer & Allen (1997), the results of interviewing experts
<b>Normative commitment (NC)</b>		
NC1	If I had a better job offer at another company, I wouldn't leave my current enterprise	Mayer & Allen (1997), the results of interviewing experts
NC2	I was trained to believe in the value of loyalty to an enterprise	Mayer & Allen (1997), the results of interviewing experts
NC3	I feel obligated to stay with my current enterprise	Mayer & Allen (1997), the results of interviewing experts
NC4	I owe a great working position to my enterprise	Mayer & Allen (1997), the results of interviewing experts

### 4. RESEARCH RESULTS

#### 4.1. Descriptive Statistics

**Table 2: Respondents by gender, work position, seniority**

	Frequency	Percent	Cumulative Percent
<b>Gender</b>			
Male	118	78.7	78.7
Female	32	21.3	100.0
<b>Work position</b>			
Technical personnels	63	42.0	42.0
Office workers	87	58.0	100.0
<b>Seniority</b>			
Less 5 years	59	39.3	39.3
5 years or more than	91	60.7	100.0
<b>Total</b>	<b>150</b>	<b>100.0</b>	

Information of data collected is shown in Table 2. It shows that among the 150 respondents, about 78.7% were male while the remaining 32 (21.3%) were female. Of these, among the respondents, technical personnels accounted for 42.0%, office workers accounted for 58.0%. Among the respondents, 39.3% of the participants have work experiences for less than 5 years, and 5 years or more than accounted for 60.7%.

**Table 3. Descriptive Analysis of Attributes of employees' organizational commitment in construction enterprises in Hanoi**

	N	Minimum	Maximum	Mean	Std. Deviation
<b>Affective commitment (AC)</b>					
AC1	150	2.0	5.0	3.933	.6520
AC2	150	2.0	5.0	3.793	.5089
AC3	150	2.0	5.0	3.933	.5138
AC4	150	2.0	5.0	3.887	.5739
Valid N (listwise)	150			<b>3.887</b>	

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Continuance commitment (CC)					
	N	Minimum	Maximum	Mean	Std. Deviation
CC1	150	3.0	5.0	4.020	.6072
CC2	150	3.0	5.0	3.973	.6125
CC3	150	2.0	5.0	4.033	.7087
CC4	150	3.0	5.0	3.827	.5992
Valid (listwise)	N 150			<b>3.963</b>	
Normative commitment (NC)					
NC1	150	3.0	5.0	3.853	.5951
NC2	150	3.0	5.0	3.767	.549
NC3	150	2.0	5.0	3.780	.674
NC4	150	2.0	5.0	3.833	.572
Valid (listwise)	N 150			<b>3.808</b>	

Table 3 shows that:

Affective commitment (AC) including four (4) attributes were quite high with an average of 3.887 compared with the highest of the Likert 5-point scale. All these four (4) attributes were rated at an average of 3.793 or higher.

Continuance commitment (CC) including four (4) attributes were quite high with an average of 3.963 compared with the highest of the Likert 5-point scale. All these four (4) attributes were rated at an average of 3.827 or higher.

Normative commitment (NC) including four (4) attributes were quite high with an average of 3.808 compared with the highest of the Likert 5-point scale. All these four (4) attributes were rated at an average of 3.767 or higher.

### 4.2. Cronbach's Alpha

Employees' organizational commitment in construction enterprises in Hanoi has been measured by the Cronbach's Alpha. Results of testing Cronbach's alpha of attributes are presented in Table 4 below. The results also show that attributes of the dependent variables have Cronbach's Alpha coefficients that are greater than 0.6, and the correlation coefficients of all attributes are greater than 0.3; excepted NC2 and NC3. So, all the attributes of the dependent variables are statistically significant; excepted NC2 and NC3 (Hair et al, 2009; Hair et al, 2014; Trong & Ngoc, 2008).

**Table 4. Results of Cronbach's Alpha Testing of Attributes**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
<b>Affective commitment (AC):</b> Cronbach's Alpha: .857				
AC1	11.613	1.984	.637	.855
AC2	11.753	2.241	.708	.818
AC3	11.613	2.225	.710	.817
AC4	11.660	1.984	.782	.783
<b>Continuance commitment (CC):</b> Cronbach's Alpha: .801				
CC1	11.833	2.368	.686	.717
CC2	11.880	2.348	.690	.714
CC3	11.820	2.068	.711	.700
CC4	12.027	2.858	.395	.846
<b>Normative commitment (NC):</b> Cronbach's Alpha: .680				
NC1	11.380	1.915	.402	.652
NC2	11.467	1.848	.525	.577
NC3	11.453	1.605	.510	.582
NC4	11.400	1.933	.422	.639

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### 5. DISCUSSION AND IMPLICATIONS

One of the unique characteristics of the construction industry is the use of a great deal of capital and the long payment period caused by many factors such as the investor's capital plan, payment records, construction progress, natural disasters, weather, etc. These factors lead construction enterprises to mobilize additional capital. Moreover, construction enterprises are the ones that create infrastructure for society, so the amount of assets in construction enterprises is also very large and needs to be strictly controlled. These issues make construction enterprises in Hanoi increasingly interested in corporate governance, which focuses on human resources, so that they can establish an appropriate financial structure for their firms. A stable, committed, experienced and qualified human resource will design an appropriate financial structure. It is an important element for every business not only because of the need to maximize the benefits obtained from personnel and organizations related to the business and its operations, but also because of the impact of this factor on business capacity in current competitive environment.

Although construction enterprises in Hanoi have achieved certain results, their business efficiency is still low. Many construction enterprises operate inefficiently, leading to dissolution or bankruptcy. In order to maintain business in an increasingly fierce competitive environment and perform its great roles in the economy, it is necessary and urgent for construction enterprises in Hanoi to improve their business efficiency. This requires that construction enterprises put efforts into developing human resources, retaining employees, and improving employees' commitment to enterprises.

Construction enterprises in Hanoi need to improve the working environment, because a good working environment will motivate employees to commit to the business. Employees believe that if they leave one enterprise for another, they will not get better working conditions. For example, at the enterprise they are working at, they are equipped with suitable and convenient equipment and tools for their work, if they work in another enterprise, they may not have such good conditions; or at the enterprise they are working at, the working time is flexible and they are not controlled like in other enterprises. This, in turn, promotes employees to increase their engagement with the construction business. In addition, the more favorable the working environment, the more committed employees are to construction enterprises. When employees work in an independent and healthy environment, they will feel that this construction company is worthy of their loyalty.

Employees find the construction company the right place for them when they see that their individual personality matches the characteristics of the company. That is the interference between the characteristics of the individual with the characteristics of the enterprise. Employees will find the company's values and culture in line with the things they value in life. They will have emotional attachment to that construction company. The compatibility between employees and construction enterprises is also shown when employees are allowed to do the things they like, the things they are passionate about pursuing, as well as their personal goals are consistent with the general goals of the construction enterprises. At that time, they will not intend to look for another alternative job opportunity.

When workers find that they are more and more suitable for construction enterprises, they will have more commitment. If they decide to leave the construction enterprise, their lives will be more disturbed and they will lose the things they have invested in this construction enterprise such as their relationships with partners, their contributions that they have made so far, their achievements in work.

Employees will consider that because they have put so much effort into the construction enterprise they are working for, they will keep their current job. They also consider that if they leave the construction enterprise, they will lose things or values that are definitely not available in other construction enterprises (such as salary, bonus, payment policy, the consistency in salary policy & other regimes in construction enterprises...). Under those consideration, employees will find that they should stay in this construction enterprise rather than leave for another, and they will have commitments to the construction enterprise. In addition, the higher the satisfaction with the salary and bonus payment regime, the more committed employees are to construction enterprises. Employees commit because they feel they owe their construction business the value that the construction company has brought to them. Therefore, construction enterprises need to improve the salary, bonus and welfare regimes for employees to ensure a better life for workers.

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