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Antecedents of Employees' Affective Commitment in the Context of Public-Private Partnership

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Abstract

A committed and competent workforce is considered a source of competitive advantage for all organizations. Organizations emphasize on improvement in Human Resource (HR) based activities to promote employees' affective commitment. Therefore, the current study endeavors to investigate the impact of job insecurity, pay satisfaction and participation in decision making on affective commitment of the employees of banks providing services in District Rahim Yar Khan, within the context of Public-Private Partnership (PPP). The sampled population for the study comprised the managerial employees of banking sector. The study utilized the quantitative method and structured questionnaires based on 5 point Likert scale were used for data analysis. The population of the study comprised 234 managerial level employees. The current study employed Smart PLS software for the analysis of data. The findings indicate that pay satisfaction and participation in decision making have a significant relationship with affective commitment. However, job insecurity negatively influences affective commitment of employees.

Keywords: affective commitment, job insecurity, participative decision making, pay satisfaction, Public-Private Partnership (PPP)

1. Introduction

Public-Private Partnership (PPP) is an internationally recognized apparatus that involves various tools through which governments endeavor to engage and collaborate with the private sector in order to provide development, facilities and services to the citizenry (Ismail, 2013). PPP is based on the official agreement between the government and private sectors for the provision of public infrastructure, community facilities and other related services to the citizenry of a particular state. Organizations working under PPP devise various restructuring initiatives in order to keep themselves in a profitable situation. Within this set up, staff remains the employees of the organization but management is transferred to the private sector which is also involved in the recruitment and management of

public sector employees. This sort of employee transfer represents a legal secondment to private sector organizations (Prowle, 2006).

According to researchers, employee commitment in the context of PPP has been studied and researched to a very limited extent (Jomo, Chowdhury, Sharma & Platz, 2016; Walsh & Deery, 2006; Gallagher & McLean, 2001). Whilst the transfer of employees to the management company changes their employment contract and relationships, since in such a situation the management company becomes solely responsible for day to day task allocation, monitoring and performance evaluation, while retaining the original employing organization as nominal employer only. Therefore, the extent of an employee's experience, psychological reaction and perception regarding such transfers is unclear.

It's quite evident that why organizations like banks are considered to be one of the more stressed out sectors in the world. It is also the case with the banking sector of Pakistan. Banking sector is a lucrative sector for management graduates. However, when they face acute work related issues, it affects their commitment and in turn stimulates turnover, underperformance and absenteeism. The recent global financial crisis also impacted the employees adversely with regard to their commitment (Nazir, Safdar & Akram, 2012). Several research studies have been conducted about organizational commitment but only a few researches have been conducted about the affective commitment of employees in relation to the banking sector of Pakistan (Shweta, 2015; Bushra & Cheema, 2010; Chughtai & Zafar, 2006; Abdullah, 2011). Although, researches are available about commitment but they do not involve the variables of this study, collectively. Therefore, this study strives to investigate the impact of job insecurity, participation in decision making and pay satisfaction on the affective commitment of employees in District Rahim Yar Khan.

Pakistan's banking industry is highly volatile and unpredictable and it has been subjected to frequent structural changes in the past including mass layoffs and restructuring. It is quite evident from various studies that committed employees are an asset for any organization. However, it has been observed in recent researches aimed at the restructuring of organizations that to successfully bring about large scale changes, large scale disruptions are necessary (Brauer & Laamanen, 2014). Such frequent restructuring practices directly challenge the affective commitment of employees which needs to be studied.

1.1. Affective Commitment

Organizational commitment theory is globally practise to retain competent employees because only these employees perceive the organization as a medium to satisfy their individual goals (Gautam, 2017). Islam (2015) revealed that a low level of commitment leads to inefficient and poor performance of employees. Affective commitment is identification with the organization and a sense of loyalty with it (Kurtulmus, 2016). It is the heartfelt commitment and emotional bonding of employees with their organization which results in strengthening their linkage with organizational goals and values. It was observed in previous studies that employees who have a high level of commitment tended to stay with the organization. Affective commitment, which is a dimension of organizational commitment, is frequently studied alone. It is also studied in events system theory to understand its dynamic nature in front of unexpected events (Flynn, Bliese & Korsgaard, 2017).

According to Hartog and Belschak (2007), employees who have a high level of affective commitment exhibit sense of belonging with their organization, coordination with their co-workers and supportive behavior. Demographic variables like job tenure, age, years of employment and marital status considerably influence the affective commitment of employees. Affective commitment remains an important component of organizational commitment (Meyer, Stanley, Herscovitch & Topolnytsky, 2002). Previous studies show that downsizing and other restructuring initiatives have a negative impact on employee commitment (Lee & Corbett, 2006).

1.2. Pay Satisfaction and Affective Commitment

Pay is considered a tool to attract and retain best employees in order to improve organizational performance. Pay satisfaction is considered a primary concern for employees and organizations because for employees pay is the foundation to satisfy their basic needs and it also shapes their work behavior and attitude (Singh & Natasha, 2010). Pay includes direct salaries given to employees or indirect payments in the form of certain benefits and it also includes the administration to deal with employee compensation (Margaret, Michael & Nhung, 2006). According to Ducharme, Singh and Podolsky (2005), pay satisfaction refers to employee satisfaction with the compensation process and the level of direct and indirect rewards.

There are several studies which show a significantly positive relationship between pay satisfaction and affective commitment (Panaccio, Vandenberghe, Ben Ayed, 2014; Currall, Towler, Judge & Kohn, 2005; Miceli & Mulvey, 2000). Miceli

and Mulvey (2000) found a positive association between pay level and affective commitment. A meta-analysis also shows a positive relationship between pay satisfaction and three components of commitment. The study of Islam (2012) reflected that compensation has a strong positive impact on employee commitment.

The study of Vandenberghe and Tremblay (2008) revealed that different dimensions of pay satisfaction need to be accounted for in order to make employees feel that they are valued, supported and recognized. It strongly results in higher commitment. It was also observed in previous studies that employees who faced a lot of financial stress exhibited a lower level of pay satisfaction.

Pay comprises four independent dimensions: pay level, pay raise, benefits and pay structure (Heneman & Schwab, 1985). Pay level is an individual's current salary / wage. Benefits comprise the indirect compensation paid to an individual for the time not worked, insurance, pension and miscellaneous services. Variations in pay over a given period of time are known as pay raise. Pay structure is referred to the systematic relationship among various jobs within an organization.

Ju, Kong, Zaliha and Kamaruzaman (2008) conducted a survey on 161 employees working in food manufacturing factories of Malaysia to study the impact of employee benefits on organizational commitment. The results revealed a positive relationship between benefits and organizational commitment.

➤ **Hypothesis 1.** Pay satisfaction positively influences the affective commitment of employees.

1.3. Participation in Decision Making and Affective Commitment

The concept of participation in decision making is a complicated concept derived from sociology, psychology and management studies. According to Wilkinson, Golan, Marchington and Lewin (2010), "participation is a fundamental democratic right of employees to extend a degree of control over organization's decision making" (p. 527). Participation in decision making promotes a healthy and productive work behavior. It is a contemporary organizational variable.

According to Yoerger, Crowe and Allen (2015); Kirmizi and Deniz (2009) the involvement of employees in organizational goal setting and planning increases their commitment. Researches found that participation in decision making positively influences affective commitment (Nwoko & Emerole, 2017; Felstead, Gallie, Green & Henseke, 2016; Scott, Travaglione & Marshall, 2006; Shian, Chiang, & Chang, 2010). It has been observed that employees who participate actively in organizational decision making remain motivated and committed (Kumar & Saha, 2017). Their affective commitment increases when they get ample

opportunities to present their ideas in organizational matters. Such practices increase their commitment because they feel that their opinion is valued by the organization (Giri & Kumar, 2013). Masterson and Stamper (2003) concluded that the involvement of employees in decision making also strengthens their mutual relationship. Employee participation is vital in successfully implementing new management strategies and it is also important in determining job satisfaction, motivation and employee commitment (Zainuddin & Isa, 2011; Bhatti & Qureshi, 2007).

The studies of Kamal and Fawad (2009) revealed that Pakistani banks do not experience any increase in performance due to participation. Participation in decision making concerned with organizational variables like pay scales, policy making, and work environment may increase commitment and satisfaction.

➤ **Hypothesis 2.** Participation in decision making positively influences the affective commitment of employees.

1.4. Job Insecurity and Affective Commitment

Job security is considered as a pre-requisite for an employment in Pakistani settings because employees tend to perceive government jobs more secure than private ones as the termination procedure in government jobs is lengthy. Secondly, government jobs offer more benefits (Hafiz, 2017). Stiff competition and the pressure to remain profitable force organizations to enforce certain cost cutting strategies which ultimately may cause job insecurity among employees. Job insecurity entails the individual perceptions and fears over the loss of job and worries related to continuance of the employment contract with an organization. (Riesel, Tahira, Swee, Maloles & Konig, 2007). The literature on job insecurity mainly focuses on affective commitment. It is also observed that commitment and job insecurity have a significant impact on openness to changes (Babalola, 2013). Moreover, job insecurity is negatively associated with commitment (Cheng & Chan, 2008).

Previous research yielded consistent findings which posit a negative association between job insecurity and commitment (Vujicic, Vukovic, Lalic, Gagic & Cvejanov, 2014; Park & Ono, 2018; Huang, Lee & Ashford, 2018). Furthermore, various researches reflect that job insecurity negatively affects the affective commitment of employees (Jiang & Lavaysse, 2018; Riesel et al., 2007). Job insecurity's subjective and objective dimensions have significant impact on commitment (Furaker & Berglund, 2014).

It is reflected by previous researches that job insecurity has a negative impact on employee commitment because employees perceive job insecurity as a breach of the psychological contract which ultimately affects the commitment level of employees (Shoss, 2017, Wang, Mather & Siefert, 2018).

➤ **Hypothesis 3.** Job insecurity negatively influences the perception of the affective commitment of employees.

1.5. Hypothesized Research Model

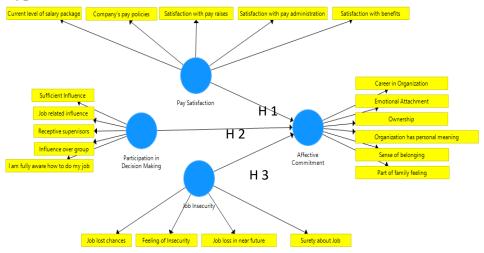


Figure 1. Proposed framework

2. Research Methodology

Research onion approach (Saunders, Lewis, Thornhill & Bristow, 2015) is used in this study. It entails different stages and every stage is more detailed than the previous stage. Research onion is helpful in designing research methodology and is useful in every type of research. This study is deductive and the nature of research is quantitative. It is best suited to the positivist approach because in this approach hypothesis development and empirical testing are permitted up to a certain level of probability. It is a cross-sectional study as it was conducted at a specific point of time.

A structured questionnaire was used in this study comprising 20 items. Monomethod was employed as this study used the questionnaire solely for data collection. Furthermore, this study is explanatory in nature as it describes the relationship between different constructs. It is basically correlational as it helps to find the association among various constructs / variables. The population of interest for this study comprised the staff working in the branches of banks providing

services in district Rahim Yar Khan which is considered as the most targeted district in restructuring and downsizing initiatives during recent years. The population of the study comprised all the managerial employees of banking sector including managers, assistant managers and operation managers.

This study used simple random sampling technique. Kothani's sample size determination formula was used in this study.

Kothani's sample size determination formula is given below:

$$n = Z^2 \times P(1 - P)W \div e^2 \times (w - 1) + Z^2 \times P(1 - P)$$

The questionnaire comprised 20 five-point Likert scale items designed to get feedback about employees' perceptions regarding affective commitment, job insecurity, pay satisfaction and participation in decision making. A total of 234 questionnaires were distributed by hand and through mail and 146 were received afterward (response rate of 62.4%). SPSS 21 and Partially Least Square (Hair, Hult, Ringle & Sarstedt, 2017) software were used for data analysis.

3. Instrumentation

3.1. Participation in Decision Making Scale

Scott, Bishop and Chen (2003) scale was used in this study. The sample items were "To what extent are you able to decide how to do your job" and "In general, how much say or influence do you have on decisions which affect your job?"

3.2. Pay Satisfaction

The scale of Heneman and Schwab (1985) was modified to get the required information from participants. The sample items were "My current salary is.....", "Amount the company pays towards my benefits" and "Information the company gives about pay issues of concern to me".

3.3. Job Insecurity

The scale of De Witte (2000) on job insecurity was adopted for information gathering. Its sample items were "Chances are, I will soon lose my job" and "I feel insecure about the future of my job".

3.4. Affective Commitment

In order to get information about affective commitment of employees, the scale of Allen and Meyer (1996) was adopted. The sample items were "I would be very happy to spend the rest of my career in this organization" and "I do not feel emotionally attached to this organization".



4. Results and Analysis

In this cross-sectional study, primary data on three independent, one dependent and seven demographic variables (department, gender, age, marital status, qualification, experience, and years spent in the current organization) were collected through questionnaire. Gender should be considered as a key factor because it has significant influence over commitment (Affum & Phinihas, 2015). Genderwise, the respondents included 88.6% males and 11.4% females. As far as the age of respondents is concerned, about 37.5% respondents were under 30 years of age. 23.9% respondents were single and 76.1% were married. Data was collected from employees working in ten different departments. About 37.5% employees from operations and 27.2% employees from the cash department participated in this survey along with employees working in other departments. About 49% respondents had a Master degree, while 40.9% had a Bachelor degree and 3.4% respondents had an MPhil degree. In order to be a part of this study, respondents were required to have at least six months of service experience. Smart PLS 3 was used to perform Confirmatory Factor Analysis (CFA) based on the data generated from 146 responses of employees. There were no missing values in the data.

The results of reliability and validity tests were generated through Smart PLS. In this scenario, both reliability and validity are generated by calculating Cronbach's alpha and AVE. The results are as follows:

Table 1
Reliability and Convergent Validity Assessment

		Average Variance
	Cronbach's Alpha	Extracted (AVE)
Affective Commitment	0.617	0.289
Job Insecurity	0.849	0.581
Participation in Decision Making	0.782	0.557
Pay Satisfaction	0.822	0.547

Fornell and Larcker approach was used to establish discriminant validity. In this approach, the square root of AVE values is compared with the correlations of latent variables. The square root of every construct AVE should be higher than the highest correlation of other constructs.

If any indicator shows value which is less than the threshold value of 0.40, it should be deleted. Interestingly, the item AF1, which has a loading of 0.399 and T Statistics of 4.315, had to be deleted because it was disturbing the model fitting.

After its deletion, SRMR value came down from 0.080 to 0.078. The outer loading table after the deletion is as table 2.

Table 2
Final Outer Loadings

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with benefits		100				0.704

Another important aspect identified is that if the direct impact of the variable job insecurity is observed in the absence of other two independent variables, then its beta value jumps to -0.972 from-0.488, which may indicate a mediation effect. Moreover, significance values of pay satisfaction and job insecurity are 0.000 and 0.013, respectively while significance value for participation in decision making is 0.428. Therefore, the results show a significant relationship of pay satisfaction and job insecurity with affective commitment.

Furthermore, the assumptions of regression were also tested which yield satisfactory results. Scatter plot shows a linear relationship. Histogram also shows a normal distribution. The value of Kolmogorov-Smirnov test is 0.200 and the value of Shapiro-Wilk test is 0.583. So, both of these test results show that data is normally distributed. In order to check multicollinearity, VIF (Variance Inflation Factor) values were calculated as 1.215, 1.380 and 1.356 for job insecurity, participation in decision making and pay satisfaction, respectively. All these values are less than 3 so data is also out of the danger of multicollinearity. Scatter plot used to check out homoscedasticity was also found normal without any U-shape distribution. Finally, Durbin-Watson value is 1.684 which is less than the threshold value of 3. So, there are no autocorrelation issues found in the data. After carrying out the whole procedure of model fitting the SRMR value calculated is 0.078 which meets the model fitting criteria. NFI value is 0.760 which is closer to NFI's threshold value of 0.90.

5. Discussion

It is obvious that if employees feel insecurity in their job, they become less affectively committed to their organization. The results of this study are also consistent with previous research findings, that is, job insecurity is the cause of low affective commitment of employees. Employees tend to attach higher levels of commitment if they perceive higher levels of job security (Irefin & Mechanic, 2014). Previous researches also showed a moderate negative association between affective commitment and job insecurity (Vujicic et al., 2014; Park & Ono, 2018; Huang et al., 2018). This study has also identified a moderate negative relationship.

Stress theory posits that perceived job insecurity is a major stressor for employees which may negatively influence their commitment with the organization. It is evident from the current research that job insecurity is negatively associated with any sort of organizational change. This finding is consistent with the findings of previous researches. It is also a fact that when employees feel insecurity regarding their job owing to restructuring and downsizing, they become less receptive to change.

This study shows a positive association between affective commitment and participation in decision making which is consistent with previous research findings (Scott, et al., 2006; Shian et al., 2010). The previous studies posited that participation in decision making is vital to enhance organizational commitment. Although direct participation makes a small contribution in increasing affective commitment, yet it has a sufficient positive influence on it (Zainuddin & Isa, 2011).

The findings of this study suggest that social exchange theory, which basically deals with the reciprocal relationship between organizations and their employees, needs to be reexamined regarding transition in employment contracts owing to PPP. The findings of this study also reflect that in case of transition, employees encounter various changes apart from the employment contract change. If such changes are not taken care of properly, employees may reduce their commitment towards their host organization. This study reveals that employees make a psychological contract with the organization and when they experience any restructuring initiatives by the organization, they consider such practices as violation of their psychological contract which ultimately adversely affects their commitment level. This finding is consistent with the psychological contract theory. Furthermore, the study also reinforce previous findings that employees tend to resist organizational changes if they find them unfavorable because such changes require personal adaptation which may create the fear of failure (Fedor, Caldwell & Herold, 2006).

6. Conclusion

The current study intended to explore the impact of pay satisfaction, job insecurity and participation in decision making on the affective commitment of employees working in the various branches of banks across District Rahim Yar Khan. The study aimed to produce a more focused and structured framework to minimize the probability of reduced employee commitment towards their job and organization.

The literature review revealed that there are few articles available on organizational commitment which explore its antecedents. However, these articles did not specifically highlight employees' affective commitment level in the context of Pubic-Private Partnership (PPP). However, it is evident from previous researches that a higher level of commitment positively impacts job performance and increases satisfaction (Kan, Ziauddin & Ramay, 2010; Dinc, 2017; Rafiei, Amini & Foroozandhe, 2014).

This study focused on banking sector because of its frequently employed restructuring initiatives and their outcomes. To observe the impact of key variables on the affective commitment of its employees was the main focus of this study. The

project findings revealed that participation in decision making has a strong positive association with the affective commitment of employees. Similarly, pay satisfaction also shows a positive relation with affective commitment, although it's not as strong as participation in decision making. Job insecurity has a moderate negative association with affective commitment. Although, it was also found that employees working in government owned organizations feel more satisfied than private ones because of job security and other benefits (Abdullah & Ismail, 2012).

Another interesting fact identified is that if the relationship of job insecurity is solely checked with reference to affective commitment, then its beta value is significantly higher. However, as soon as other variables like pay satisfaction and participation in decision making are included in the model, then the beta value of job insecurity is reduced to approximately the half of its original value, that is, from 0.9 to 0.4. It indicates the presence of a mediation effect which may be further studied in future researches.

This study also reinforces the previous research that organizations should cultivate employees affective commitment through rewards because only committed employees can work effectively and are able to transfer knowledge (Martin & Martin, 2015). Another aspect identified during this research and also highlighted in recent researches as well is that organizations must properly plan layoffs, as such layoffs disrupt the smooth flow of family life of employees at home. Their children and families also suffer, so there must be some coping strategies to deal which such restructuring initiatives by the organization (Ramlall, Al-Sabaan & Maqbool, 2014).

7. Future Directions

Future researchers may utilize responses from a larger sample to ensure the generalizability of findings and to make research more meaningful. This study focused only on the branches of banks situated in District Rahim Yar Khan. Future researchers may conduct research on all branches situated in the various provinces of country or on the entire banking sector or any other sector in order to find out the level of commitment among employees. This particular study includes some predictors of affective commitment which lay in the scope of this study. Future researchers may take into consideration predictors other than those included in this study. This study focused only on the affective dimension of organizational commitment but future researchers may enhance the scope of the current study by employing all three dimensions of commitment, that is, normative, continuance and affective commitment or any other construct. There is a further need to better understand whether sectoral differences have any impact on commitment or not and

whether the same factors are responsible for commitment fluctuations in both public and private sectors. So, future researchers can also enhance the existing body of knowledge regarding sector differences and their impact on employee commitment.

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