

Employees' Commitment and Organizational Change: The Role of Subordinates - Head of Department Relationship

Sulaiman Tahajuddin¹, Abdul Wahid Mohd Kassim² and Jainurin Justine³

^{1,2,3}*Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah, Kota Kinabalu, Sabah, Malaysia*

¹sulaiman@ums.edu.my

Abstract

During the past decade, a number of developing countries have introduced radical reforms especially in the aspect of public service delivery system. Malaysia as one of the developing countries has as well been experiencing numbers of public sector reforms which includes the introduction of the Goods and Services Tax (GST) in April 2015². Within this context, it is argued that the employees' organizational commitment is an imperative and vital element in boosting the productivity and service delivery quality of the organization. This paper is about the issues pertaining to the effect of the employees - head of department relationship in the process of organizational change. The data is primarily gathered from the survey questionnaires administered to the Royal Malaysian Customs Departments (RMCD) employees from all level of positions throughout Malaysia. It is found that the nature of the relationship between the subordinates and their head of departments are significantly affecting the success of the GST implementation in Malaysia which the organizational change in this case. Future research should take into considerations other influential elements such as the employees' motivation, and leadership style in the study to further enrich the related body of knowledge.

Keywords: Employees' commitment, Organizational change, Public sector reform, Relationship

Introduction

Public sector reform around the globe is not a new phenomenon but constantly been going on especially since the era of New Public Management which started in the Thatcher's administration in the United Kingdom in 1980s to 1990s (Poulin, 2020). Malaysia as one of the developing economies in the region of South East Asia has also been experiencing the reforms which include the aggressive privatization initiatives in 1980s especially during the tenure of Tun Mahathir Mohamad as the 4th prime minister of Malaysia. One of the most recent significant reform initiatives by the government of Malaysia is the introduction of Goods and Services Tax (GST) in April 2015 with the main objective to improve the taxation system in Malaysia. It can be assumed that GST as one of the public sector reform initiatives by the government of Malaysia has eventually promoted the organizational change in Royal Malaysian Customs Departments (RMCD), the government body which has been chosen to undertake and implement the change initiative as a whole.

This paper is about the study of how the employees in RMCD involve in the process. In specific, the study involved the investigation and analysis of how the relationship between the

²Malaysia announced the "abolishment" (put on hold) of its Goods and Services Tax (GST) effective from 1 June 2018 soon after the Malaysia 14th General Election. It was only about 3 years from the date it was first implemented.

employees of RMCD and their respective head of departments affect the RMCD's organizational change as triggered by the implementation of this GST system. The first part of the paper presents the related background of the study, and then followed by the related literatures. The next parts are the methodology applied, then followed by the findings and discussion. The paper is then concluded.

Background of the Study

Organizations continually embark and involve on programmes of organizational change. For example, Vakola and Nikolaou (2005) highlight that according to American Management of Association, 84% of the total organizations in the United States involve in the organizational change initiatives. In relation to this, they also highlight that more than a third of those organizations place organizational change initiatives as their major concern for survival purpose. There are many obstacles and challenges that need to be overcome by any organizations which in pursuit of the change initiatives. Ahmad and Gelaidan (2011) and Choi (2011) highlight that the literature shows that one of the factors that can lead to organizational change failure is the failure of the organization to address and recognize the significant and influential effect of the employees' commitment during the change process.

The idea of introducing the GST in Malaysia was first announced in the tabling of budget during the parliamentary session in 2005. The idea is to replace the existing sales and services tax structure in Malaysia during that time. Initially, this tax reform idea was intended to be fully implemented in the year 2007. However as highlighted by Mansor and Illias (2013), the government has announced on 22 February 2006 that the full implementation of the GST will be postponed to a later date.

The Malaysian government utilized that time to study the likely impact of the GST towards the citizen at large especially on the social element of the society. It is believed that the implementation of GST (Mansor and Illias, 2013) will witness that, not only on manufacturing and services sector would be affected, but also include other sectors such as education, health, transport, financial services, agriculture and mining, petroleum, land property and construction, telecommunication, electricity and water industry. Besides, they also argue that GST also would affect the export services/ international services, government, charities, club association and union.

Problem Statement

With regard to the GST, to this extent, the author believes that very little number of studies have been carried out to investigate the Royal Malaysian Customs Department employees' commitment towards the GST implementation. There are issues and questions which are related to GST that worth to be investigated. This will include the questions like, (1) what are the factors that need to consider in elevating the morale and commitment of the Royal Malaysian Custom Department (RMCD) in implementing the Goods and Service Tax (GST)? ; (2) do the employees' motivation, work autonomy, subordinates and head of departments relationship, and fitness with vision initiative influence the RMCD's employees organizational commitment?; and (3), how do the RMCD's employees perceive the success or failure of the newly introduced GST in Malaysia (Parish, Cadwallader & Busch, 2008)? This paper attempts to highlight the impact of the RMCD's subordinates and head of department relationship towards the organizational commitment within the context of organizational change initiative in RMCD.

Expected Contributions

Despite the fact that GST has been put on hold since 1 June 2018 by the government of Malaysia when the new allies of political parties formed the government in 2018 there are rumours that the GST could be put back into effect at any point of time in the future³. Therefore, the essence from the study can be used as a good reference by the related bodies of the government if the GST is to be re-implemented. Secondly, this paper contributes to the knowledge in the field of organizational studies especially through the theoretical contribution derived from the understanding of the relationship between the subordinates – head of department of the organization that experiencing planned and unplanned changes.

Literature Review

Laughlin (1991) conceptualizes organization as one of the social entities that composes of three interrelated elements namely interpretive scheme, design archetype and sub-systems. According to Laughlin, these three elements will co-exist harmoniously until the ‘kick’ or disturbance makes it ‘responds’ then adapts the change to ‘reappear’ in new coherent units. He also argues that change can exist in two forms, called first order change and second order change. First order change is a form of change that take place at the tangible (either at design archetype and subsystem, or any of them) elements of organization, but yet still maintaining the interpretive scheme. The second order change is more conclusive where the change is taking place at all three elements and long lasting. This type of change occurs as a result of external pressure (change factors) such as politics, economic, war etc. in which the organization cannot avoid but to adapt and respond to change. In this paper, the introduction of GST implemented by the RMCD can be seen as an external disturbance through the political intervention, and in the form of coercive pressure from the perspective of intuitionists.

Paulin (2020), Liguori and Steccolini (2012) and Burke and Litwin (1992) argue that the magnitude and momentum of change emanated from the external organization environment towards the organizational will much depend on the response of the organization’s *design archetype* especially the human actor’s interpretation, which include the leader, manager, and the collective employees. The leader’s or leadership’s and the manager’s (Gurd, 2008) influential roles in realising the change are well highlighted and demonstrated in the organizational change studies (i.e. Briers & Chua, 2001; Burke & Litwin, 1992; Caccia & Steccolini, 2006; Fernandez & Rainey, 2006; Gagliardi, 1986; Gurd, 2008; Hussain & Brahim, 2006; Kuppusamy, 2010; McNulty & Ferlie, 2004; Pessina, Nasi & Steccolini, 2008). Burke and Litwin (1992) define leadership as ‘*executives providing overall organizational direction and serving as role models for all employees.*’

Organizational Commitment and Organizational Change

Although the organizational change studies have been become one of the major research activities especially in the field of management since the past 30 years or more, but to this date it is still considered a field of lot more gaps to be filled (Fernandez and Rainey, 2006; Van de Ven and Poole,1995). In relation to the organizational commitment, Vakola and Nikolaou (2005), Choi (2011) and Meyer, Stanley, Herscovitch and Toponytsky (2002), argue that

³ Reported in Berita Harian Online (10 December 2020). Can be retrieved from <https://www.bharian.com.my/berita/nasional/2020/12/763544/kerajaan-kaji-laksanakan-semula-gst-model-cukai-kepenggunaan-lain>

organizational change and organizational commitment have also attracted many management researchers to embark within this field. For example, the work of Darwish (2000) and Cordery, Sevatos, Mueller and Parker (1993) demonstrated that the organizational commitment play central and significant role in the process of organizational change initiatives success. These studies' findings are also supported by the work of Iverson (1996) who argues that in the process of the organizational change, the organizational commitment is the second most important factor after the role of the union membership. Iverson (1996) also argues that the employees' organizational commitment is one of the most important ingredients in securing the success of organizational change initiatives.

With respect to the commitment and organizational change, Ahmad and Gelaidan (2011), argue that studies on the organizational change has been focused on aspects like leadership (Kotter, 1995), communication (Schweiger & Denisi, 1991), procedural fairness (Brockner, 2002) and layoff turnover (Paterson, Green & Cary, 2002). It is also highlighted that the main reason behind the failure of the organizational change efforts due to lack of focus by the leaders (Choi, 2011) on the employees' commitment towards change initiatives. At the same time, they argue that the studies on the relationship between the organizational (employees') commitment is yet to be enriched. This, for them is imperative considering that commitment for the change initiatives come from the people of the organization, the employees (Liguori and Steccolini, 2012).

On the other hand, Vakola and Nikolaou (2005) also highlight that organizational change has triggered sort of fears among the employees in the organization due to uncertainty with regard to their work security, and fear of failing to coup with the new perceived situation. These findings suggest that there is a significant relationship between the organizational change initiatives and the employees' attitude and commitment. Choi (2011) in this regard, concludes that is the main reason of why the organization that is in the process of change pays particular attention to the employee's support or acceptance for change initiatives or implementation.

With regards to the definition of the commitment, Al Kahtani (2013) argues that different authors or researchers will have different definitions and conceptions of what commitment is. Somehow, based on the conclusion derived from the vast amount of the literature pertaining to the commitments, Al Kahtani (2013) seems to be in line and agrees that the definition proposed by Meyer and Hercovitch (2001) about commitment, is more conclusive within the context of organizational change. Meyer and Hercovitch (2001) define commitment as '*... a force that directs a person's behaviour*'. Meyer and Allen (2004) imply the commitment as an intention to persist in a course of action. Within the context of person's behaviour, Vakola and Nikolaou (2005) argue that it is a vital ingredient in ensuring the success of change initiatives. The term commitment with respect to the employee's perspective has been defined differently by different scholars or practitioners.

Dhar (2014) highlights that organizational commitment can be conceptualized as a single construct but at the same time accepts the work of Meyer and Allen (1991) whose subdivide the organizational commitment into three sub constructs call affective, normative and continuance commitments. Based on the literature, Al Kahtani (2013) however points out that the work of Meyer and Allen (1991) can be considered as the most dominant in the field of commitment organizational research. This study however will focus on the two of the elements namely affective and normative commitment. Apart from the argument of Dhar (2014), Jaros (2009) and Joo, Yoon and Jeung (2012) who favour the affective type of employee commitment as representative of overall organizational employees' commitment, this approach also based

on the argument by Parish *et al.* (2008) who found out in their study that continuance commitment has little if not insignificant relationship with the organizational change initiative or results.

Subordinates – Head of Departments Relationship

Choi (2011) highlights the relationship between the high-quality relationship between the employees and head of department or manager with the success of change initiatives. This is in line with the findings demonstrated in the study carried out by Parish *et al.* (2008) which shows that if employees feel that their relationship with their manager is in the positive condition then there is a tendency that the employees will commit themselves towards the organizational success of change initiatives.

The studies by Ahmad and Gelaidan (2001), Al Kahtani (2013) and Vandenberghe, Bentein and Stinglhamber (2004) demonstrate that the relationship of the subordinates and head of department has a significant positive relationship towards the commitment to change, in particular to the affective commitment of change. The relationship, which is represented through the leadership style namely transactional and transformational leadership has in fact encourages the employees to commit and accordingly align themselves to the organizational change initiatives. Ahmad and Gelaidan (2001) within this respect argue that leadership refers mainly to the relationship between the employees and the manager, supervisor, or in this study, the head of department. In line with Ahmad and Gelaidan (2001) is the study by Rhoades, Eisenberger and Armeli (2001) which demonstrates that whenever the employees have a positive perception on their supervisors, most likely that the employees will commit and align themselves in the change process. Parish *et al.* (2008) argue that relationship of the employees-manager will shape his or interpretation of actions within the organization, then encourages them to accept the environment, which is also accompanied by trust. All these, according to Parish *et al.* (2008) are imperative ingredients for promoting the commitment to change. Therefore, it can be argued that employees' relationship with his or her head of department (manager) is positively and significantly related to the affective and normative commitment.

The following hypothesis is then put forward:

H1: Subordinates-Head of department relationship is positively related to Affective commitment to change.

H2: Subordinates-Head of department relationship is positively related to Normative commitment to change.

Methodology

This study is based on the quantitative paradigm which is mainly holds on the causal and effect relationship of the variables under the study (i.e. Kamal, 2019; Kivunja and Kuyuni, 2017). For this study, the authors had attempted to get the response number not less than 200. In doing so, the questionnaires were sent either through mail with pre-stamped and returned address envelope, and by-hand as well to the respondents that can be reached in person. The follow up was done to ensure and encourage the respondents to participate in the surveys, as recommended by Dillman (1978). The initial questionnaire was adopted originally from the work of Meyer and Allen (2004) before further modified to cater the local context and objectives of the study. The data was primarily collected via the questionnaires that are built from the previous related works in the field such as Parish *et al.* (2008) and Meyer and Allen

(2004). Eventually, there were 225 responses collected but only 202 are usable. The Statistical Package for Social Science (SPSS) version 21.0 was used to analyse the data based on the several merits as argued by many.

Findings and Analysis

Descriptive Analysis

Table 1 shows the descriptive analysis of the respondents. With regard to the age, total length of service, and the length of service in the current position, it can be seen from Table 1 that the maximum age of the respondents is 60 years which closes to the compulsory retirement age, while the minimum age is 19 years old. The average age of the respondents is about 38 years old with the standard deviation of about 10 years. The analysis also shows that the longest total years of service recorded is 39 years, while the shortest is 1 year only. The average total length of service is only about 13 years with standard deviation of about 11 years. With respect to the respondents' length of service in their current position or task, the analysis shows that the longest recorded years of service in the current position is 35 years, and only 1 year as the shortest in contrary. The average length of service in the current position is only about 5 years with standard deviation of about 6 years.

Table 1: Descriptive Statistics – Age, Length of Service, and Service in Current Position

	N	Minimum	Maximum	Mean	Std. Deviation
Age	202	19	60	37.53	10.019
Total Years of Service	202	1	39	12.98	10.675
Service in Current Position	202	1	35	5.30	5.814
Valid N (listwise)	202e				

The Subordinates – Head of Department Relationship

The study's hypotheses state that there is a positive relationship between the relationship of the subordinates or employees with their respective head of the departments (RHOD), with the employees' organizational commitments to change (both affective and normative). In specific the following hypotheses were tested:

H1: Subordinates-Head of department relationship is positively related to Affective commitment to change.

H2: Subordinates-Head of department relationship is positively related to Normative commitment to change.

Table 2: IV to Affective Commitment to Change - Coefficients^a

Dependent Variable	Independent variable	Std. Coefficients	Beta
Affective Commitment to Change	Relationship With HOD	0.198**	
	R ²	0.469	
	Adjust R ²	0.458	
	Sig. F	43.528 (p < 0.01)	

Table 3: IV to Normative Commitment to Change - Coefficients^a

Dependent Variable	Independent variable	Std. Coefficients Beta
Normative Commitment to Change	Relationship With HOD	0.147
	R ²	0.363
	Adjust R ²	0.350
	Sig. F	28.010 (p < 0.01)

Based on the results presented in Table 2, it shows that the relationship between RHOD and Affective Commitment to Change has a positive significant relationship ($B=+0.198$, $p<0.01$). It shows the higher the RHOD the higher the subordinates' commitment to change. Therefore, H1 are supported.

Based on the results presented in Table 3, it shows that the relationship between RHOD and Normative Commitment to Change has and positive relationship ($B=+0.147$, $p>0.01$), the result somehow shows that the relationship is not that significant. Since the analysis shows the higher the RHOD the higher the Normative Commitment to Change, the H2 is supported as well.

Discussion and Conclusion

The studies by Ahmad and Gelaidan (2001), Al Kahtani (2013) and Vandenberghe et al. (2004) demonstrate that the relationship of the subordinates and head of department has a significant positive relationship towards the commitment to change, in particular to the affective commitment of change. The findings of this study demonstrate that there is a positive significant relationship between the relationships of the employees with their respective head of the departments with the employees' organizational affective commitments to change but slightly weaker significant relationship to the employees' organizational normative commitment to change, and therefore only partially supports the previous research's findings and arguments on this specific matter.

Despite the fact that vast majority of the findings from related studies on the relationship between the quality of relationship between the subordinates and head or department, or employer in some situations demonstrate the strong, significant and positive relationship, this study's findings reveals otherwise. However, the result derived from this study corresponds with the findings demonstrated by study of Babalola, Gbadegesin and Patience (2014) which was focused on the educational organizations in Nigeria. The results of their study show that weak relationship can be attributed to the factors such as lack of support and motivation given by the head of department of the superiors. On top of that they argue that the big difference in the academic background between the two parties can as well significantly influence the results of the study.

With regard to this study, we believe that power distance between the subordinates and head of department, the nature of the organization i.e. uniformed and enforcement organizations such as police, army and customs can as well produce unique and different results.

As a conclusion, this paper attempts to investigate the effect of the relationship of the subordinates and head of department towards the organizational commitment which is seen as the vital and significant variable to the success of organizational change initiative. GST in Malaysia is seen as a disturbance (Laughlin, 1991) that triggers change in RMCD which is the organization that is responsible to implement it. The findings of this study demonstrate the relationship of the subordinates and head of department towards the organizational

commitment is weak, but positive and significant. Future study is recommended to employ qualitative approach to deeply understand this relationship within the context of organizational change, as proposed by Laughlin (1991).

References

Ahmad, H., and Gelaidan, H. M. (2011). Organizational Culture, Leadership Styles and Employee's Affective Commitment to Change: A Case of Yemen Public Sector. *Journal of Organizational Management Studies*, 20(1), 1-10.

Al Kahtani, A.(2013). 'Leader Charisma, Employee Organizational Commitment, and Organizational Change: A Proposed Theoretical Framework'. *International Journal of Academic Research in Business and Social Sciences*, 3(5), 377-399.

Babalola, O., Gbadegesin, A. and Patience, E. (2014). A Study of Superior-Subordinate Relationship and Employees' Commitment to the Core Beliefs of Organisation in Public Universities of Southwest, Nigeria. *American Journal of Business and Management*, 3(1), 28-38.

Briers, M. and Chua, W. F. (2001). The Role of Actor-Networks and Boundary Objects in Management Accounting Change: A Field Study of an Implementation of Activity-Based Costing. *Accounting, Organizations and Society*, 26, 237-269.

Brockner, J. (2002). Making Senses of Procedural Fairness" How High Procedural Fairness Can Reduce or Heighten the Influence of Outcome Favorability. *Academy of Management Review*, 27(1), 58-76.

Burke, W. W. and Litwin, G. H. (1992). A Causal Model of Organizational Performance and Change. *Journal of Management*, 18(3), 523-545.

Caccia, L. and Steccoloni, I. (2006). Accounting Change in Italian Local Governments: What's Beyond Managerial Fashion? *Critical Perspectives on Accounting*. 17, 154-174.

Choi, M. (2011). Employees' Attitudes toward Organizational Change: A Literature Review. *Human Resource Management*, 50(4), 479-500.

Cordery, J., Sevastos, P., Mueller, W., and Parker, S. (1993). Correlates of Employee Attitude toward Functional Flexibility. *Human Relations*, 46(6), 705-723.

Darwish, Y. (2000). Organizational Commitment and Job Satisfaction as Predictors of Attitudes toward Organization Change in Non-Western Setting. *Journal of Occupational and Organizational Psychology*, 75(1), 377-392.

Dhar, R. L. (2014). Service Quality and the Training of Employees: The Mediating Role of Organizational Commitment. *Tourism Management*, 46, 419-430.

Dillman, D. (1978). *Mail and telephone surveys: the total design method*. New York: John Wiley & Sons.

Fernandez, S., and Rainey, H. G. (2006). Managing Successful Organizational Change in the Public Sector. *Public Administration Review*, 66, 168-175.

Gagliardi, P. (1986). The Creation and Change of Organizational Cultures: A Conceptual Framework'. *Organization Studies*, 7(2), 117-134.

Gurd, B. (2008). Structuration and middle-range theory – A case study of accounting during organizational change from different theoretical perspectives. *Critical Perspectives on Accounting*. 19, 523-543.

Hussain, A.A. and Brahim, M. (2006). Administrative Modernization in the Malaysian Local Government: A Study in Promoting Efficiency, Effectiveness and Productivity. *Pertanika Journal of Social Science and Humanity*, 14 (1), 51-62.

Iverson, R. D. (1996). Employee Acceptance of Organizational Change: the Role of Organizational Commitment. *The International Journal of Human Resource Management*, 7(1), 122-149.

Jaros, S. (2009). Commitment to Organizational Change: A Critical Review. *Proceedings of the Southwest Academy of Management*, 316-330.

Joo, B. K., Yoon, H. J., and Jeung, C. W. (2012). The Effects of Core Self-Evaluations and Transformational Leadership on Organizational Commitment. *Leadership and Organizational Development Journal*, 33(6), 564-582.

Kamal, S. S. L. B. A. (2019). Research Paradigm and the Philosophical Foundations of a Qualitative Study. *International Journal of Social Sciences*, 4(3), 1386-1394.

Kivunja, C. and Kuyuni, A.B. (2017). Understanding and Applying Research Paradigms in Educational Contexts. *International Journal of Higher Education*, 6(5) 26-41.

Kotter, J. P. (1995). Leading Change: Why Transformation Efforts Fail. *Harvard Business Review*, 73 (2), 59-67.

Kuppusamy, S. (2010). PPP: the Right Marriage between Local Government and the Private Sector in Malaysia? *International Journal of Institutions and Economics*, 2(2), 142-166.

Laughlin, R. (1991). Environment Disturbances and Organizational Transitions and Transformations: Some Alternative Models. *Organization Studies*, 12(2), 209-232.

Liguori, M. and Steccolini, I. (2012). Accounting Change: Explaining the Outcomes, Interpreting the Process. *Accounting, Auditing & Accountability Journal*, 25(1), 27-70.

Mansor, N. H., and Ilias, A. (2013). Goods and Services Tax (GST): A New Tax Reform in Malaysia. *International Journal of Economics Business and Management Studies – IJEBMS*, 2(1), 12-19.

McNulty, T. and Ferlie, E. (2004). Process Transformation: Limitations to Radical Organizational Change within Public Service Organizations. *Organization Studies*, 25(8), 1389-1412.

Meyer, J. P., and Allen, N. J. (2004). *TCM Employee Commitment Survey Academic Users Guide 2004*. University of Western Ontario, 1-16.

Meyer, J. P., and Hercovitch, L. (2001). Commitment in the Workplace: Toward a General Model. *Human Resource Management Review*, 11, 299-326.

Parish, J. T., Cadwallader, S., and Busch, P. (2008). Want to, need to, ought to: Employee Commitment to Organizational Change. *Journal of Organizational Change Management*, 21(1), 32-52.

Paterson, J. M., Green, A., and Carry, J. (2002). The Measurement of Organizational Change Programmes: A Reliability, Validity and Context-Sensitivity Assessment. *Journal of Occupational and Organizational Psychology*, 75(4), 393-408.

Pessina, E. U., Nasi, G. and Steccolini, I. (2008). Accounting Reforms: Determinants of Local Government Choices. *Financial Accountability & Management*. 24(3), 321-361.

Poulin, J. M. (2020) Responding to crises: constructing a response through organizational change'. *Arts Education Policy Review*, 1-9.

Rhoades, L., Eisenberger, R., and Armeli, S. (2001). Affective Commitment to the Organization: The Contributions of Perceived Organizational Support. *Journal of Applied Psychology*, 86(5), 825-836.

Schweiger, D. M., and Denisi, A. S. (1991). Communication with Employees Following a Merger: A Longitudinal Field Experiment. *Academy of Management Journal*, 34(1), 110-135.

Vakola, M., and Nikolaou, I. (2005). Attitudes Towards Organizational Change: What is the Role of Employees' Stress and Commitment? *Employees Relations*, 27(2), 160-174.

Vandenberghe, C., Bentein, K., and Stinglhamber, F. (2004). Affective Commitment to the Organization, Supervisor, and Work Group: Antecedents and Outcomes. *Journal of Vocational Behaviour*, 64, 47-71.

Van de Ven, A. H. and Poole, M. S. (1995). Explaining Development and Change in Organizations. *Academy of Management Review*, 20(3), 510-540.