

## **CHAPTER 1**

### **BACKGROUND TO THE STUDY**

#### **1.1 Introduction**

This introductory chapter presents the background to the study. It begins by outlining the research problems, and proceeds to identify the objectives, and theoretical underpinning of the research. The scope of the study and the contribution to knowledge which it makes are then introduced, before the structure of the remaining chapters of the thesis is presented.

#### **1.2 Research Background**

The increasing level of uncertainty in the business environment has pressured organisations to make rapid changes and accommodations to their workforces. Many have responded by implementing new forms of work organisation in order to remain competitive (Shapiro, 2001). As organisations continue to seek ways to adapt to the new demands of the current dynamic environment, it also seems necessary for them to be concerned about the quality of work life (hereafter abbreviated to the QWL) of its people.

QWL is also viewed as an alternative to the control approach of managing people. As a philosophy, QWL is a set of principles which hold that people are the most important resources in the organisation as they are trustworthy, responsible and capable of making a valuable contribution, and should consequently, be treated with dignity and respect (Beh,

Uli, Idris and Silong, 2006). If organisations do not manage their human resources well, these soft assets cannot be retained. Given that they are the most relevant enabler of success of a company or an organisation (Chan and Wyatt, 2007), it would seem foolish not to take great care of them.

One method of developing a unique and inimitable workplace in order to retain a productive workforce and attract the most talented employees is for organisations to create a special quality of work life within their socio-technical systems. Through this approach, organisations motivate their people by satisfying not only their economic needs but also their social and psychological ones. The main purpose of the entire QWL in an organisation is to improve employee satisfaction, strengthen workplace learning, help employees to manage change and transition, and facilitate organisational effectiveness (Saraji and Dargahi, 2006).

Although the evolution of QWL began in late 1960s', there appeared to be no general consensus regarding its meaning so far. QWL has been well recognised as a multi-dimensional construct and it may not be universal or eternal. The key concepts captured and discussed in the existing literature include job security, better reward systems, higher pay, opportunity for growth, participative groups and increased organisational productivity (May and Lau, 1999).

Improvement in QWL is considered necessary for organisations not only because it contributes to organisational efficiency but the initiatives can be used to improve employees' well-being, and to help to enhance their levels of motivation and productivity

which will further improve organisational performance (e.g. Delamotte and Walker, 1974; Deutsch and Schurman, 1993 and Danna and Griffin, 1999). Moreover, given the current global competition among organisations, firms need to compete to attract productive and competent employees. Therefore, organisations and firms that offer better benefits and favourable working environment are expected to gain leverage in hiring and retaining valuable workers (May, and Lau, 1999; Fulmer, Gerhart and Scott, 2003).

Today many organisations are spending time and resources on initiatives to elevate their employee satisfaction and organisational capability to retain their valuable employees and at the same time to remain competitive (Ballou and Godwin, 2007). In addition, QWL improvement can also serve as a point of comparison to assess the effectiveness of change after implementation and to compare subsequent trends that occur as a result of external influences (Lowe, 2000).

From a business perspective, QWL is important because there is evidence demonstrating that the nature of the work environment is related to employee satisfaction and work-related behaviours (Chan and Wyatt, 2007). Research has provided evidence of linkages between people who experience greater QWL and those who experience higher levels of health and well-being (Danna and Griffin, 1999). In fact, previous studies showed that employees working in such a context exhibit positive work-related behaviours such as organisational identification, commitment, job involvement, job performance and job satisfaction (Sirgy, Efraty, Siegel and Lee, 2001).

Apart from that, perceptions of QWL are positive and significantly related to work-related outcomes ranging from job satisfaction, organisational commitment and performance (Lowe, Schellenberg and Shannon, 2003). A study by Fields and Thacker (1992), for example, suggested that members' commitment to the company increased when they perceived that QWL efforts had been successful, but union commitment increased irrespective of the perception of QWL success. The construct is also a significant predictor of organisational commitment of managers in India (Saklani, 2004).

The orientation to QWL is described as congruent to the concept of integration of the individual and the organisation (Efraty and Sirgy, 1990). It is a set of conceptions and interventions that can be applied to improve individual and organisational capabilities and effectiveness (Cherns, 1978; Nadler and Lawler, 1983; Wyatt, 1988; May, and Lau, 1999; Sirgy, et al., 2001). In this respect, QWL orientation is the commitment on the part of the organisation to bring together the needs and development of employees with the needs and development of the organisation through planned organisational change (James, 1992).

Basically, the QWL activity involves improvements in the workplace, with particular emphasis on physical work and the circumstances surrounding it including building co-operation, restructuring tasks, and carefully and fairly managing human resources outcomes and payoffs. These initiatives are believed to be appropriate and reliable not only in respect of optimising performance but also in terms of enhancing the quality of work life for members at all levels of the organisation.

The QWL orientation can be a result of management choice or due to internal or external conditions. For example, an organisation may need to adopt a new strategy to improve its performance if it is found that its internal processes are inefficient or if environmental change such as new legislation announced by the government demands this. Hence, in this context, the organisation's orientation is dependent upon the environment within which it operates.

Although there have been very many studies on QWL, most of the work in this area is at the conceptual level, and little effort has been made to link the concept to the realities of life (Saklani, 2004). A great deal of attention has been given to investigating the various key dimensions of individual and organisational factors which are deemed as primary determinants of QWL and organisational behaviour (Lowe, et al., 2003; Royuela, Lopez and Surinach, 2007; Rethinam and Maimunah, 2008). However, research on the underlying factors which interact to form the quality work environment required to facilitate the QWL orientation has received little attention in the organisational research arena (Shoaf, Genaidy, Karwowski and Huang, 2004). This observation has led to the issue that this research mainly attempts to address, that being: "which organisational or contextual variables are strongly associated with a quality work environment that form a basic premise for QWL orientation, and the extent to which this orientation is related to organisational commitment".

Despite there have been a vigorous debate and terminological confusion on the set of parameters which constitute the organisational environment (Shoaf et al., 2004), workplace and organisational research from various disciplines continue to offers

insight about specific work environment factors that could be useful for researchers and practitioners. For example, some health care researchers have focused on the climate or culture factors (e.g. Sparks, Faragher and Cooper, 2001; Lowe, et al., 2003) that characterise a healthy work environment; while others emphasise the importance of the structural antecedents such as centralisation, formalisation and functional differentiation (e.g. Burns and Stalker, 1961; Robbins, 1989) that influence the organisational work context.

There are also those who highlighted the importance of leadership behaviour in creating, maintaining and changing the organisational environment and the norms governing the attitudes and behaviour of its members (Bennis and Townsend, 1995). At the same time, social capital which is a feature of social organisation interactions and relationships in the workplace, has been identified to benefit employees, work teams and the organisation as a whole (Watson and Papamarcos, 2002). Furthermore, social capital is recognised as an important input to organisational functions and performance and that has major implications for organisational change and the utilisation of organisational resources (Lin, 2001).

While past research has been largely confined to tests a single factor or has focused on limited attributes of the work environment, this study attempts to close the gap in this area by examining on a broader range of environment factors. Since different environment factors are likely to mutually reinforce one another and making the total effect greater than the sum of a single factor, this study incorporates three aspects of the environment factors: the organisational (structure and culture), individual (leadership

behaviour) and relational (social capital) factor, which are deemed important to create a quality work environment to support QWL orientation within an organisation. Specifically, the study attempts to explore the association between these factors and tests their impact as antecedents of QWL orientation, and further investigates the impact of this association on organisational commitment.

### **1.3 Research Problem**

Continued concern for QWL has resulted in a plentiful body of literature in this area. However, as noted in the background already given to the study, there are still very few empirical studies that examine the underlying factors that support QWL orientation and how the association of these factors can affect work-related outcomes, such as organisational commitment. Previous studies in this area have largely centered to address the constructs that makes up the QWL domain and key elements of QWL programmes (Rose, Beh, Uli and Idris, 2006; Loscocco and Roshelle, 1991) from an individual perspective. Given the above consideration, this study aims to move beyond previous studies and develop a multidimensional model that integrates multiple factors, which interact to form a quality work environment that can facilitate efforts toward QWL orientation in organisations. The study also seeks to explore the contribution of the identified environment factors toward QWL orientation and further examined whether the relationships between these factors and organisational commitment are mediated by the QWL orientation of the organisation. Consistent with this discussion, this study attempts to answer the following research questions.

### **1.3.1 Research Questions (RQ)**

The following represent the twelve key research questions which this study attempts to answer:

**Research Question 1:** What are the underlying dimensions of QWL orientation in Malaysian Public Service organisations?

**Research Question 2:** To what extent does social capital influence QWL orientation?

**Research Question 3:** To what extent does organisational culture influence QWL orientation?

**Research Question 4:** To what extent does organisation structure influence QWL orientation?

**Research Question 5:** To what extent does leadership behaviour influence QWL orientation?

**Research Question 6:** What is the most important determinant of QWL orientation?

**Research Question 7:** To what extent does QWL orientation mediate the relationship between social capital and organisational commitment?

**Research Question 8:** To what extent does QWL orientation mediate the relationship between culture and organisational commitment?

**Research Question 9:** To what extent does QWL orientation mediate the relationship between organisation structure and organisational commitment?

**Research Question 10:** To what extent does QWL orientation mediate the relationship between leadership behaviour and organisational commitment?

**Research Question 11:** To what extent do the dimensions of QWL orientation influence organisational commitment?



**Research Question 12:** To what extent is QWL orientation a potential mediator of the relationships between antecedents and organisational commitment?

#### **1.4 Objectives of the Study**

The main purpose of the present study is to investigate the underlying factors which interact to form a quality work environment that support QWL orientation and consequences of QWL orientation in Malaysian public service organisations. This is achieved by examining the antecedents of QWL orientation, i.e. social capital, organisational culture, organisation structure, and leadership behaviour, and then the consequences of QWL orientation, i.e. organisational commitment. More specifically, the objectives of this study are:

- 1.4.1 To explore the underlying factors that support QWL orientation in Malaysian public service organisations.
- 1.4.2 To investigate the effects of social capital, organisational culture, organisation structure, and leadership behaviour on QWL orientation.
- 1.4.3 To identify the most important determinant of QWL orientation.
- 1.4.4 To investigate the mediating effect of QWL orientation on the relationship between the antecedents (social capital, organisational culture, organisation structure, and leadership behaviour) and organisational commitment.
- 1.4.5 To examine the influences of QWL orientation on commitment at the organisational level of analysis.

1.4.6 To propose an integrated model linking social capital, organisational culture, organisation structure, and leadership behaviour, and organisational commitment.

## **1.5 Theoretical Underpinning**

To develop the framework of this study, theories from human resource management, the workplace and organisational development disciplines are adopted.

The origins of linkage research are rooted in the high-quality healthcare workplace framework of Lowe, Koehoorn, Rondeau, Schellenberg and Wagar (2002). They demonstrated the links between work environment, employment and industrial relations and 'healthy' outcomes for workers and organisations. A high-quality workplace is made up of the work environment and the human resource practices that shape it, job design and organisational structure (including technology), employment relationships and industrial relations. Organisations need to have a bold new vision of human resources, supported by a workplace culture and leadership approach that fully values the contributions of all employees in order to achieve positive outcomes.

Since there is evidence demonstrating that the nature of the work environment is related to satisfaction of employees and work-related behaviours (Chan and Wyatt, 2007), it is important for the organisation to provide an enabling work environment that will help to motivate employees to devote their efforts to meeting the needs and expectations of the organisation, besides contributing to positive employee outcomes such as job satisfaction, organisational commitment and the overall physical well-being. In this context, the 'win-

win paradigm' for QWL and performance explain the relationship between employer and employee interests which need not always conflict. Furthermore, a proper management philosophy, business strategy and human resource policies can benefit the entire key stakeholder (May and Lau, 1999). Thus, this present study posited that the multiple factors in the organisation (i.e. leadership behaviour, social capital, organisational culture and organisation structure) will interact to form a quality work environment that can facilitate efforts toward QWL orientation in organisations.

The QWL orientation represents the commitment on the part of the organisation to optimise work outcomes (e.g. productivity) while seeking to enhance the QWL of the employees. This is closely linked to strategic management that requires organisations to adopt changes in the arrangement of work and improve the quality of life of the work system of its members (Rodrigues, 2007). Prior work in socio-technical theory (STS) and QWL studies provide a useful building block for the theoretical framework especially in deriving the QWL orientation dimensions. Integration of the evidence concerning QWL is posited to yields descriptive dimensions of QWL orientation that are able to address the need and life-enhancing experience characteristics as perceived by organisational members.

Finally, the link between QWL orientation and organisational commitment in this study is developed based on the growing body of literature on worker's perceptions of the quality of their work environment, the job characteristics model as well as HRM. Evidence has emerged supporting the existence of a causal connection between quality work environment perceptions and organisational outcomes ranging from job satisfaction,

organisational commitment to performance (Lowe et al., 2003). As a result, there is ample theoretical and empirical to explain the relationships between antecedents, QWL orientation and organizational commitment.

## **1.6 The Scope of the Study**

The scope of the study is about the QWL orientation in Malaysian Public Service with particular focus on the antecedents of the QWL orientation of the organisations. The antecedents focussed are the work environment factors that interact to form the basic premise for QWL orientation and the effects of the orientation on organisational commitment.

In order to guide the reader the researcher position three guidance points throughout this thesis. The first, the research purpose is set out to provide the central direction of the study. Next are the questions that this study seeks to answer, which are posed as research questions. The third point is in the form of hypotheses. The hypotheses stated here will be discussed in greater detail in Chapter 5, naturally after an extensive literature review and formulation of the theoretical framework.

## **1.7 Contribution of the Study**

The contribution can be discussed in terms of three important perspectives: theoretical, methodological, and practical. Each of these contributions is discussed in the following sub-sections.

### **1.7.1 Theoretical Contributions**

One of the main theoretical contributions of this study is regarding the factors and dimensions used. Firstly, it is apparent that the organisational environment is an entity consisting of multiple factors which act together to influence and produce the outcomes. However, previous studies have mainly focused on factors within one dimension only – individual factors or organisational factors that are deemed important to influence work behaviour and work performance. It is argued that the whole is greater than the sum of the parts with to regards QWL, and therefore, the failure to attend the bigger picture may lead to failure of interventions which tackle only one aspect. In fact, the idea of looking at multiple factor/dimensions of the environmental factors rather than a single factor at a time is fairly recent and is clearly received little attention. Thus, the present study attempts to fill the void in the literature by offering a holistic view of the QWL orientation as a strategic tool.

Secondly, the assessment of QWL is largely focus from the individual perspective and typically in the private sector organisations. Too often the organisational and relational perspective has received little attention. The existing studies that look from the organisational perspective are mostly done in the health care industry(e.g. Lowe et al., 2003; Wilson et al., 2004; Brooks and Anderson, 2005) whereas studies from the relational perspective in organisations remain relatively unexplored (Requena, 2003). Therefore, this study try to fill the gap by examined the combined effects of individual, organisational and relational factors in the environment and provide insights concerning how these relationships affect QWL orientation and organisational outcomes especially in the public sector organisation.

Thirdly, although there were some evidences to prove that QWL influence individual behaviour and job related outcomes (e.g. Steers, 1977; Sirgy et al., 2001; Normala, 2010) there is still little research that studies the effects of organisational outcomes in which QWL orientation is used as a mediating variable. Thus, this study attempts to examine the effect of QWL orientation in the relationship between organisational environment factors and organisational commitment.

Finally, the value of this research to a large extent emanates from addressing the appropriate factors that contribute to form a quality work environment that facilitate QWL orientation in the public service organisations where the concepts are relatively new. The QWL orientation factor that act as a mediating or intervening variable on the study therefore add to the contribution it makes within the field of organisational management. Although, there is a growing number of QWL research in Malaysia, empirical research concerning its applicability and effects in public organizationis still very rare.

### **1.7.2 Methodological Contributions**

The study is also attempt to overcome the shortage of QWL research conducted in a real setting. Most of the work in the area of QWL is in the form of articles and books touching upon the theoretical aspects of the concept (Saklani, 2004). There is still little effort to link the concept to the realities of life. Due to the ambiguities about the QWL concept, there are a number of research gap that may need to be explored. Therefore, we

need to enrich our knowledge as to what is QWL is all about and its relationship with other social, individual and organisational factors.

In terms of measuring all the constructs of interest, this study takes a different method by using a six-point bipolar semantic differential scale to measure. This is done to overcome the limitation of a unipolar scale such as a Likert scale. A Likert scale is very simple, convenient and easy to understand (Zickmund, 2003; Malhotra, 2004) but this type of scale do not provide additional information for the respondents. Therefore, by introducing the bipolar scale the respondents will mark the number that best indicates how they would describe the object or opinions being rated. The development of this instrument will provide an interesting insight and additional information about the constructs being studied.

### **1.7.3 Practical Contributions**

Several public administration and management researchers have highlighted the need for more research in public sector organisations (Perry and Rainey 1988; Allison, 1994), while others emphasised the need for more empirical research in public administration (Perry and Wise, 1990; White, 1994). This study not only extends research from several areas of organisation studies to public sector organisations, but it also focuses on the relationships among several important organisational factors and their effects upon the commitment at the organisational level. In other words, this study extends research from organisational studies to the field of public administration and management.

Much of the existing studies have been conducted in the Western context and there are still little effort has been made to research the issue in non-western settings. Although there is indication of research conducted on QWL in a local context i.e. Malaysian environment, it is important to ascertain whether those theories, model and prescriptions based on western findings are transferable to other contexts. Researchers have argued that theories of organisation developed largely in the West will not automatically be applicable to Asia, and there is a need to evaluate its applicability and prescribing management action (Boyacigiller and Adler, 1991). Therefore, it is important to examine the effect of the QWL orientation in a Malaysian public setting. The findings from this study are important to enrich our understanding on QWL orientation and its effects on organisational outcomes, and would further be useful to the internal stakeholders in an organisation to formulate a more appropriate policy or put a more effective focus on issues that are really relevant to MPS organisations. As Behn (1993:46) notes, “[t]he purpose of public management research is (or at least should be) to help the public managers produce results”.

## **1.8 Organisation of the Study**

This thesis is organised into six chapters. **Chapter 1** provides the background to the study and discusses the antecedents and consequences of QWL orientation.

**Chapter 2** summarises the central ideas of the study: social capital, organisational culture, organisation structure, leadership behaviour, QWL orientation and organisational



commitment. The proposed framework for the study and the propositions and hypotheses put forward are introduced in this chapter.

**Chapter 3** describes the context of the study by providing some background information on the Malaysian Public Service. Discussion focuses on the work reforms and programmes implemented in Malaysian public service organisations.

**Chapter 4** is divided into three parts. The first part describes the research methodology which includes the research design, research instrument and techniques used in sampling. The second part discusses the operationalisation of the constructs and the third part focuses on reliability and validity assessments.

**Chapter 5** presents the results from data analysis. It examines the antecedents to QWL orientation and investigates the relationships between organisational culture, organisation structure, leadership behaviour, and social capital to QWL orientation dimensions. It also explores the mediating effects of QWL orientation in the relationship between each of the four antecedents and organisational commitment. Additionally, in this part of the chapter, an examination is made of the predictive effect of QWL orientation dimensions on organisation commitment, and the antecedents to organisational commitment.

**Chapter 6** presents an integrated model of the study, which is followed by the summary of the study, its implications and limitations. The chapter concludes with some suggestions for future research.