CHAPTER 3   RESEARCH METHODOLOGY

This section outlines the methodology employed in the study. The study was carried out using the survey approach. This section provides a description of the design of the research instrument, the sampling procedure, the data collection method, and the analysis of the result.

3.1   Research Design

The research data explored for this study was obtained through primary and secondary data information sources. The primary data is done by conducting an exploratory research survey, while the secondary data is obtained mainly from journals, magazines, published books, internet search engines like ProQuest and Emerald. In addition, annual reports and websites of participating organisations were also explored to obtain an in-sight of the companies background. Previous researches were also studied and this secondary data contributed a basis for the development of the questionnaires for the survey conducted.

Survey method is adopted in this study because of its appropriateness, basically due to the high accuracy of result, flexibility in choosing data collection techniques, and the ability to generalise to the industry population at the time of survey.

The research is designed in two (2) sets of categories of questionnaires. The first set comprises statements to extract and diagnose the contents of compensation policy in organisations. The second set of questionnaires comprises statements to gather information about the level of commitments and expectations from the employees in the same organisation.

The first set of questionnaires (compensation policy survey) were distributed to decision policy maker such as the top management, General Manager or Human Resource (HR) Manager, while the second set of the questionnaires (commitment survey) were distributed to the employees in that particular organisation.

To differentiate the two, the questionnaires were printed in two different colours, i.e. blue paper for policy survey and yellow paper for commitment survey. The materials were also be marked by serial number bearing the same coding, on top of the questionnaire, so that it can be identified the origin of the questionnaires, i.e. from the same organisation.

3.2   Methodology

The questionnaires were sent to respondent by mean of hand-delivery, after getting appointments with the HR Managers or General Managers (GM) from the pre-determined organisations. The questionnaires enclosed a covering letter, which explains the purpose of the study and a supporting letter from the study supervisor. Completed set of questionnaires will then be collected by hand from each company after confirming the readiness for collection. A copy of the questionnaires and cover letters are presented in Appendix 2. The survey roughly took about two weeks to obtain the full-completed set of questionnaire.

To ensure confidentiality, names of respondents and their organisations will not be mentioned in the questionnaire, and assurance was conveyed that the information collected would only be used for the purpose of this research only.

3.3   Sampling

A stratified sampling approach was used in this study where targeted organisations were pre-determined. The respondents comprised construction-

based company, listed in the Kuala Lumpur Stock Exchange (KLSE), and registered with Construction Industry Development Board (CIDB) of Malaysia under Grade 7. The target sample was confined to those located in Kuala Lumpur area and have been established for more than 10 years. As the sample of respondents is not a random sample, any generalisations and conclusions must be restricted to the sample in the industry and location only.

This approach provides advantages as the target sample is clearly focussed and it can avoid biasness and errors in the research result, due to the misinterpretation of sampling. According to Brown (1990), organisation size can be used as a control variable in an analysis.

The target population for employees was the Engineers, employed permanently in the organisations, as they were the key-personnel in construction industry. The HR Manager or the GM, in turn will select randomly the engineers available in the organisation at the point of time the survey was being conducted.

According to 'The CIDB Directory 2003-3004', there were 570 numbers of construction organisations registered under Grade 7, and more than 25 organisations were public listed.

3.4   Instrumentation

Questionnaires forms were used as the instrument to measure the subject in the study. The study utilised three-page questionnaire for both policy and commitment surveys and self-ministered approach was being adopted. Of course, the survey could only tap respondents who were accessible and cooperative. To avoid the artificial or slanted response sets, the questionnaire were designed in such a way that they were no provocation questions and leading to it, and to avoid the over-rating and under-rating biasness.

24

Qualitative method was adopted to achieve the objective of the study. Since the questionnaires were distributed to the top management /GM/HR Managers and Engineers only, therefore it is believed that by using English Language alone can be effective. By using one language, the problem of linguistic translation can be avoided. The questionnaire that was being developed in the commitment survey was a modified version from a study made by Allen and Meyer (1990).

Before the distribution to all of the respondents, a pilot survey was conducted. The aim of the pilot survey was to test the content and clarity of the questionnaire. It also serves to ensure that there is no vague concepts or sensitive questions in the questionnaires.

3.5 Variables and Measures

As mentioned earlier, there were two (2) sets of different questionnaires. First sets, for the policy maker and the second set for the engineers from the same organisation. The questionnaires are fabricated in the following manner:

Set 1: Compensation Policy Survey

Section A: Background Profiles of Organisation
Section A is designed to gather background information about the organisation, which include type of ownership, years of establishment, size and numbers of employees in the organisation.

Section B: The content of Organisational Compensation Policy
Section B comprised the extent of content of the organisational compensation policy. They need to circle the number in the statements that best reflect their compensation policy. The ratings were made on a 4-point Likert interval scale ranging from 1 (strongly disagree) to 4 (strongly agree). The questionnaire did not provide a neutral rating. There were 21 statements that need to be chosen by

25

the decision policy maker, which require approximately about 10-15 minutes to complete.

Set 2: Level of Commitment and Expectation survey

Section A: Demographic Profiles of Respondent

Section A of the questionnaire was designed to collect the demographic information of the respondent, in order to give a meaningful interpretation of the results, such as gender, age, race, tenure, total years of experience and type of work in the current organisation. They would only require picking the appropriate particulars.

Section B: The extent of Employee's Commitment

Section B contained statements regarding individual commitment towards their current organisation. Respondent was asked to rate the level of agreement on the statements that best reflect their believe and perception. Again, 4-point Likert interval scale was adopted ranging from 1 (strongly disagree) to 4 (strongly agree). The questionnaire did not provide any neutral ratings. There were 22 statements altogether and 4 questions asking them to rank their expectation towards the compensation policy, ranging from 1 (very important) to 4 (least important).

3.6   Data Analysis Technique

The survey data is analysed by using the Excel Spreadsheet. The analysis comprises the following parameters:

- Summarisation of the background and demographic profiles for both the organisations and employees. Statistical tool such as frequency counts, percentage and means are included.

- Results are discussed in light of company background, the vision and mission of the organisation, the financial capitals, and the size of the company, which were obtained from secondary data.

Diagnostic 1: Analysis of Compensation Policy

The study proposed to identifying the significant criteria established by the organisation through the mean values obtained by the rating from the survey from individual organisation. It can be summarised as follow:

i) Internal Equity

The statements (S) relating to the internal equity are as follows:

S1: Compensation packages are designed based in internal equity

S3: Compensation level is determined according to seniority

S17: The organisation strives to maintain internal equity in compensation level

S18: Compensation rate is usually the same for similar jobs

S19: There is standard formula to ensure internal equity in compensation level

ii) External Equity (external market rate)

Some of the statements require adjustments in order to obtain the consistent scores, for instance the rate for S2 shall be reverse (rate for 1-strongly disagree will gain 4 marks and versi-verse). The same application will be applied to S20 (reverse rating score). Statements relating to the support of external equity are as follow:

S2: Compensation level does not consider market rate

S9: Organisation will increase the rate whenever competitors do so

S11: Organisation will adjust the rate when necessary according to market rate

S20: Similar policy is applied across the organisation regardless the locations, branches or project site

iii)   Compensation based on performance

Statements that are related to performance are as follow:

S12: Compensation rate is in accordance with employees' performance

S13: Compensation rate also based on individual merit

S14: Compensation is based on work-team performance

iv)   Secrecy or open

Statement that is related to secrecy/open about the level of compensation is rather straightforward:

S15: Information on compensation levels is kept confidential

Diagnostic 2:   Analysis for Organisational Commitment

Similar application will be adopted to analyse the organisational commitment. The study proposed to measure the organisational commitments by the scores of mean values obtained from the rating of the survey.

i)   Measurement of Commitment

Statements that can be used to measure the level of commitment are as follow:

S1: I am proud to tell others I work here

S2: I will be happy to work here until my retirement

S3: I feel a strong sense of belonging to this organisation

S4:   I will not feel bad if I have to leave (reverse rating)

S8: This organisation deserves my loyalty

S9: I feel a strong commitment to stay on my job

S12: I don't feel it is right to leave even if I get better job offer

ii) Measurement of satisfaction of current compensation level

Measurement of satisfaction of current compensation level are made from the following statements:

S16: Other organisation may not be able to pay as much as here

S17: The compensation that I get here is more than I expected

iii) Measurement of satisfaction with current environment

The following statements can represent the measurements of satisfaction with the current work environment:

S5: Other employees are like my family members

S6: The organisation provides for my personal growth

S7: The organisation provides the challenges that I look for in a job

S11: I like the people working in the organisation

S15: I like to stay here because I like the work environment

iv) Measurement of expectation

The measurement of expectations can be obtained from S19i) to S19iv) which require them to rate according to the most expected from the compensation policy. Mean value of each statement will then be used to identify the importance of the criteria accordingly.