Best Company Practices as Predictors of Organisational Commitment in a South African Engineering Company

By: Prof Melinde Coetzee, Mr Jeremy Mitonga-Monga and Ms Benita Swart
Department of Industrial and Organisational Psychology, University of South Africa

Abstract

- Orientation and motivation for study: Retaining skilled engineers now and in the future has become a major concern. Organisational culture and the management practices associated with strong performing organisational cultures have obtained vast interest over the last 2 decades because of its effects and potential impact on organisational success and staff retention in the contemporary and future world of work. Organisational commitment is regarded as a predominant predictor of employee retention and contributes significantly to the overall success of the organisation. In this study, we attempt to identify best company practices as predictors of organisational commitment in a South African engineering organisation.

- Design/methodology/approach: A cross-sectional quantitative survey design was used and the Best Company Practices Survey (Deloitte, 2008) and Organisational Commitment Scale (Mayer et al., 1997) were administered to a non-probability purposive sample of (n=284) professionally qualified employees from a South African company. Descriptive statistical analysis was performed to test the proposed research hypotheses.

- Findings: The results indicated that leadership, rewards and training and development significantly and positively predicted overall organisational and normative commitment. Job satisfaction, leadership and development, rewards, and leadership positively predicted affective commitment. Furthermore, human resource policies and procedures positively predicted continuance commitment.

- Implications: The results show that best company practices are related to organisational commitment. Organisations should focus on increasing the retention of engineering employees should focus on improving the perception of employees regarding the following best company practices: namely; leadership, rewards and training and development. Interactions for improving job satisfaction should be established.

- Originality/value: The findings of our study add valuable new knowledge that may be used by managers and human resource practitioners to identify solutions and initiatives for retaining employees in the South African engineering environment.

Conceptualisation

**Best Company Practices** (Deloitte, 2008)

- Leadership
- Management style
- Communication
- Value and culture
- Innovation
- Job satisfaction
- HR policies and procedures
- Performance management
- Recognition
- Rewards
- Training and development
- Diversity and transformation
- Change management

**Organisational Commitment** (Mayer et al., 1997)

- Affective commitment
- Continuance commitment
- Normative commitment

Research hypothesis 1

Employee perceptions of best company practices as predictors of their overall commitment, affective commitment and normative commitment

Sample (n=284) South African Engineering Company

<table>
<thead>
<tr>
<th>Gender</th>
<th>Race</th>
<th>Sample (n=284) South African Engineering Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>154</td>
<td>White</td>
<td>African</td>
</tr>
<tr>
<td>96</td>
<td>Coloured</td>
<td>Indian</td>
</tr>
<tr>
<td>34</td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>Sample (n=284) South African Engineering Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25</td>
<td>45</td>
</tr>
<tr>
<td>26 - 35</td>
<td>65</td>
</tr>
<tr>
<td>36 - 45</td>
<td>36</td>
</tr>
<tr>
<td>46 - 55</td>
<td>15</td>
</tr>
<tr>
<td>&gt; 55</td>
<td>13</td>
</tr>
</tbody>
</table>

Organisational commitment

- Leadership
- Performance management
- Rewards
- Job satisfaction

Affective commitment

- Leadership
- Rewards
- Job satisfaction

Normative commitment

- Leadership
- Rewards
- Job satisfaction

Practical Implications

- Organisations willing to increase retention of engineering employees should improve the perception of employees regarding the following best company practices: Leadership, rewards, and training and development. Interactions for improving job satisfaction should be established.

- Organisations should promote education of employees (training and development) and increase skills variety for all employees. This would balance the employees’ personal advancement hopes and the organisational advancement hopes. In turn, this would balance the employees’ perception of fairness and help improve organisational commitment.

- Organisations should focus on increasing their investment in employees’ professional development. This type of educational investment could enhance employees’ organisational commitment.

- Organisations should strive to improve their reward schemes, including financial and non-financial incentives that address extrinsic and intrinsic motivational aspects within the organisation. This initiative may increase employee productivity and thereby improve organisational commitment.

Limitations of Study and Future Research

**Limitations of study**

- The study was limited to a sample of participants employed in a South African engineering company – the findings cannot be generalised to other industry contexts.

- Both questionnaires were based on the perceptions of the research subjects increasing chances of subjectivity when completing them.

- Cross-sectional survey design: No statements about causality. Associations between the variables should not be interpreted as causal relationships, rather than established.

**Suggestions for future research**

- Replication studies with larger samples across various organisational contexts.

- Educational programmes for business leaders need to consider incorporating specific information emphasising the role of best business practices as an element of organisational culture, and employee commitment and retention.

- It is recommended that research be undertaken on differences between gender and culture groups regarding these variables.

Results

**Table 1: Descriptive statistics and correlations**

<table>
<thead>
<tr>
<th>Scale</th>
<th>Mean</th>
<th>SD</th>
<th>α</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall commitment</td>
<td>4.80</td>
<td>0.90</td>
<td>0.86</td>
<td>284</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>5.24</td>
<td>1.25</td>
<td>0.89</td>
<td>284</td>
</tr>
<tr>
<td>Continuance commitment</td>
<td>4.18</td>
<td>1.11</td>
<td>0.88</td>
<td>284</td>
</tr>
<tr>
<td>Normative commitment</td>
<td>5.60</td>
<td>1.01</td>
<td>0.92</td>
<td>284</td>
</tr>
<tr>
<td>Leadership</td>
<td>5.90</td>
<td>0.89</td>
<td>0.93</td>
<td>284</td>
</tr>
<tr>
<td>Rewards</td>
<td>5.60</td>
<td>1.21</td>
<td>0.96</td>
<td>284</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>5.20</td>
<td>1.07</td>
<td>0.94</td>
<td>284</td>
</tr>
</tbody>
</table>

**Table 2: Multiple regression: Employees’ perception of best company practices as predictors of their overall commitment, affective commitment and normative commitment**

<table>
<thead>
<tr>
<th>Model</th>
<th>Criteria Variable (OC)</th>
<th>Significant Predictor Variable (SC)</th>
<th>β</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overall commitment</td>
<td>Leadership</td>
<td>21</td>
<td>3.96**</td>
<td>.000***</td>
</tr>
<tr>
<td>2</td>
<td>Affective commitment</td>
<td>Job satisfaction</td>
<td>24</td>
<td>4.04***</td>
<td>.000***</td>
</tr>
<tr>
<td>3</td>
<td>Normative commitment</td>
<td>Leadership</td>
<td>28</td>
<td>4.13***</td>
<td>.000***</td>
</tr>
</tbody>
</table>

Notes: n=284, ** p ≤ .01, *** p ≤ .001, (Standardised). R² = 0.51 (moderate practical effect). R² = 0.61 (good practical effect). R² = 0.50 (large practical effect).