

Research on the Employees Organizational Commitment in Pharmaceutical Industry in Danang City

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Abstract:- This study determines the factors affecting employees organizational commitment in pharmaceutical industry in Danang, Vietnam with 150 respondents. The results of quantitative research were verified by multivariate statistical techniques such as Cronbach's Alpha test, exploratory factor analysis and regression analysis. Research shows that five factors affecting employees organizational commitment, including: salary policies, environment and working conditions, promotion and training opportunities, interpersonal/workplace relationships and welfare policies. This paper also proposes recommendations for pharmaceutical managers to cultivate the employees organizational commitment of its important role in maximizing the organization's profits and improving the business operation.

Keywords:- Employees Organizational Commitment, Pharmaceutical Industry, Danang City.

I. INTRODUCTION

In the period of international economic integration, in order to survive in the fierce and impetuous competition environment, companies are forced to improve the quality of their products and services, in order to improve high competitiveness and work efficiency. In order to do this, companies must have highly skilled, capable, agile and qualified staff. Employees are a basic testament to organization's success, especially when their satisfaction affects customer satisfaction, organizations need to recognize employees as their first row guests. Therefore, human resources play a key role in the goals of the organization, improving the quality of output products. So, attracting and retaining talented employees is the decisive factor for the company to operate effectively and produce the best products. In fact, excellent professionals will always jump to the bigger companies that have attracted recruitment. Weak human resource management is one of the obstacles to the development of Vietnam's economy in general and Pharmaceutical Industry in particular. Therefore, human resources department at business organizations must always conduct large and small selections to meet the needs of "thirst" of human resources for departments. Therefore, offering solutions to try to encourage employees to maintain their work at the enterprise and motivate themselves by providing appropriate incentives and career development

opportunities for employees, hence ensures human resources for the company, thereby helping to tighten the level of employee commitment with the company. Obviously, employees organizational commitment has always been a central problem for leaders and managers, especially in the pharmaceutical industry. This is the main reason why the author conducts research on employees organizational commitment at pharmaceutical companies in Danang. The data for this paper were collected through using questionnaires that were distributed among all of the employees of two similarly sized pharmaceutical organizations in Danang. Out of the 168 questionnaires sent out, 150 were returned, which yielded a response rate of 89%. Women constituted 65% of the sample, and the mean age was 35. After adjusting for internal attrition, the analyses in this study finally came to be based on a pool of 150 individuals who had completed data for all variables of the study.

II. LITERATURE REVIEW

A. Employees Organizational Commitment

Employee' commitment is an emotional state where employees feel passionate, energetic and committed to the job. A person's work commitments are basically obligatory duties that they must perform for their job/organization. The association with the organization refers to the attitude that makes employees feel connected with the organization (Mohammed & Eleswed, 2013; Zehir,C., Muceldili, B., & Zehir, S. 2012). The organizational commitment affects the quality of work and services (Farooq & Zia, 2013). Organizational commitment refers to the organization's member's psychological attachment towards the organization. The key factor that make an employee stay with the company and zealously work towards organizational goals is commitment. Eleswved et. al showed that commitment is an attitude that makes employee feel connected to the organization (Eleswed & Mohammed, 2013; Zehir, Muceldili, & Zehir, 2012). Individuals who have the engagement will accept the organization's goals and objectives as valid and worthy of the effort achieved. It also influences the quality of work and services (Farooq & Zia, 2013). The organization's commitment positively affects job variables such as revenue, work behavior and job performance. Some factors such as work stress, empowerment, job insecurity and training have been proven to be relevant to employees' sense of organizational commitment.

B. Previous Researches Related to Organizational Commitment

Noushin Kamali Sajjad and Badri Abbasi (2013) tried to identify the influencing factors and assess the impact of these factors on the commitment of Guilan province custom office employees. Sample scale is 196 employees. The study identified five broad categories of commitment factors such as (1) safe and healthy environment, (2) development of human capabilities, (3) constitutionalism, (4) social integration, and (5) the total life space.

Selda Tasdemir Afsar (2014) conduct a study and her study showed that there are some factors most impacting on employees commitment on the extent of lower importance, including: salary, academic title, work arrangement type, years in organization, years in current position, type of employment, overtime, and perceived organizational protectiveness.

Besides, there were many others doing researches on the organizational commitment such as the model of

research Mohammad Reza Faghih Parvar and colleagues (2013), Bowditch and Buono (2005), Richard E. Walton (1974).

C. Proposed Research Model

Researchers proposed that five independent variables are derived from the model of research Noushin Kamali Sajjad and Badri Abbasi (2013), Selda Tasdemir Afsar (2014). In addition, the author combines the independent variables derived from the results of other authors' research into the research model including: (1) Salary policies, (2) Environment and working conditions, (3) Promotion and training opportunities, (4) Interpersonal/workplace relationships conditions, and (5) Welfare policies.

All independent variables above may affect the employees organizational commitment (dependent variable) at the pharmaceutical companies. This study attempts to investigate the possible relationship among those variables.

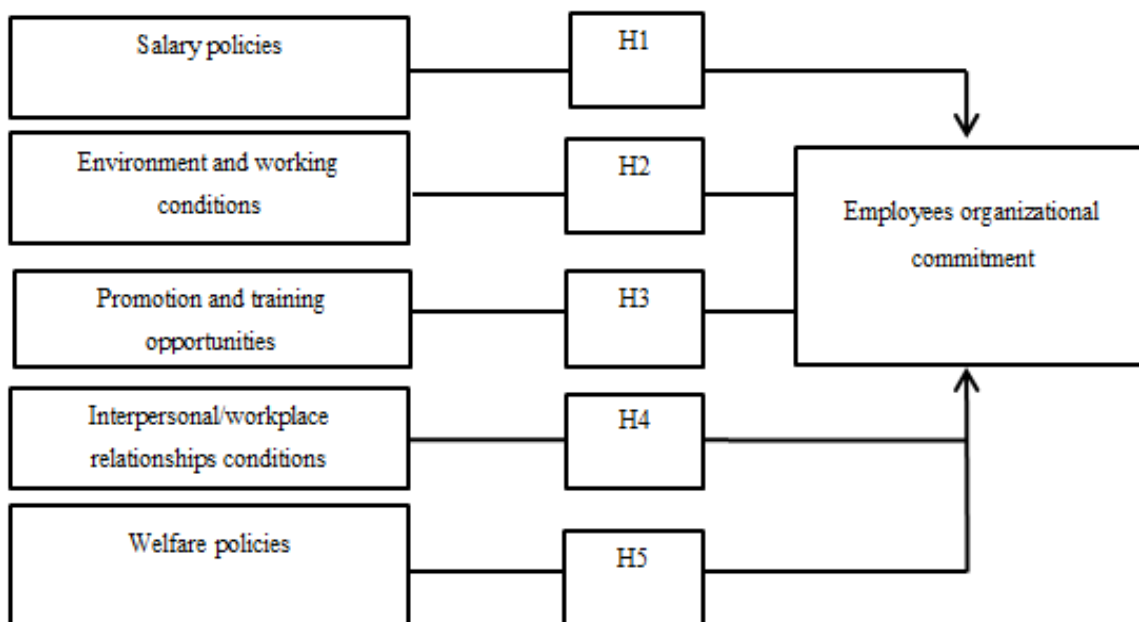


Fig 1:- The study's Proposed Theoretical Framework
Sources:- Developed for the research

III. RESEARCH METHODOLOGY

A. Qualitative Research

After identifying the factors that influence employees organizational commitment, we will interview the manager and the assistant or coordinators. This study, an interview was done directly with 25 persons from different departments of two pharmaceutical companies. The scale used in the research model consists of five influential factors (independent variables) and one employees organizational commitment variable (dependent variable) with total 40 items.

Most respondents were asked to agree with the factors and observed variables used to measure the commitment of

employees in the research model proposed by the author in accordance with the situation of the current company.

B. Quantitative Research

Quantitative research was conducted as soon as the questionnaire was modified from qualitative research. This method provided descriptions of the variables in order to answer the research questions in the study. Survey design also allows comparisons between respondents giving the right perspective on their opinion towards the employees' commitment. The choice of this technique was guided by the fact that the case study aims to generate findings, which would facilitate a general, understanding and interpretation of the problem.

The study population comprised a total of 150 employees from various organizational departments. The study population refers to the total collection of elements which one would like to study or make inferences.

IV. RESULTS

The objective of this part is to interpret and analyze the data collected in the research. The data will be analyzed with the aid of SPSS software version 20.0. Before quantitative data is analyzed, it must be edited, coded and

transformed. The quantitative data research findings will investigate the impacts of the salary policies, environment and working conditions, promotion and training opportunities, interpersonal/workplace relationships and welfare policies towards employees organizational commitment.

A. Cronbach's Alpha Reliability Test

To facilitate the viewing of research results, the author will summarize obtained results shown at the following table:

Scale	Cronbach's Alpha	Number of Items	Strength of Association
-Salary policies	0.787	5	Conventional
-Environment and working conditions	0.958	11	Excellent
-Promotion and training opportunities	0.900	9	Excellent
-Interpersonal/workplace relationships	0.929	6	Excellent
-Welfare policies	0.980	6	Excellent
-Employees organizational commitment	0.624	3	Conventional

Table 1:- Interpretation of Cronbach's Alpha
Source:- Field Survey, October, 2018

According to the Table 1, Cronbach's Alpha values for each of the predictor variables are as follows: Salary policies ($\alpha = 0.787$); Environment and working conditions ($\alpha = 0.958$), Promotion and training opportunities ($\alpha = 0.900$); Interpersonal/workplace relationships ($\alpha = 0.929$); Welfare policies ($\alpha = 0.980$). In addition, the Cronbach's Alpha for the dependent variable (Employees organizational commitment) is 0.624. All the five variables

and dependent variable are internal consistent and they are reliable as their reliability values exceeded the prescribed threshold of 0.6 which paved way for data analysis through results of Cronbach's Alpha statistics.

B. Testing the Factor Loading Coefficient of the Independent Variables

	Component				
	1	2	3	4	5
My work has a lot of pressure	.916				
Office supplies are available and fully available to support my work	.904				
My company does not have time to work overtime	.872				
My workload is too much	.865				
Facilities and equipment in my company are very modern	.864				
Working time is fixed and suitable for handling work	.864				
Working environment ensures hygiene, safety and comfort	.847				
My work is not interesting	.834				
My work is very challenging and difficult	.786				
I am willing to work overtime if that affects the company well	.766				
I will switch to another company if the company has a better working environment than my current company	.700				
The company pays all types of insurance according to state regulations		.961			
The company's welfare policy makes me feel confident and secure		.953			
Every year the company has short trips for employees		.951			
The company does not have car support for remote employees		.946			
The company does not support meals for employees.		.937			
I am willing to move to another company if the company has a better welfare policy than my current company		.929			
My company has an opportunity for promotion and training			.830		
The content of the training program is practical and highly applicable			.801		
Training time is short			.766		
The content of the training program is very boring, rigid and not lively			.765		
My office skills are enhanced after the training program ends			.756		
The opportunity for me to advance in this career is not available			.749		
I do not really want to get promoted because the responsibility and workload will be more difficult			.712		

If I was promoted, I would never have thought of leaving the company			.675		
Staff are supported on resources (time, tools, money, ...) during the training process			.655		
The superior or former employee is always ready to answer questions of newcomers to the company and subordinates				.945	
Only senior employees are allowed to have opinions in meetings				.925	
The opinions of low-level employees are heard but not recorded				.873	
The superior of former employee is always friendly with the subordinates and newcomers.				.837	
I have received help and support from colleagues and superiors in the process of working				.777	
I don't think I will have good colleagues like me if I switch to another company				.775	
Salary are paid in accordance with the amount of work I contribute to the company					.824
Salary are paid on time and in the right quantity					.745
I will continue to work for the company whether the salary is increased or decreased					.716
My company's salary is lower than that of other companies (same industry)					.706
The current salary is not enough for me to cover my daily life					.663

Table 2:- Rotated component matrix^a of the independent variables

Source:- Field Survey, October, 2018

According to the Table 2, factor loading coefficients are greater than 0.6, the scale of the five independent variables are rotation converged in 7.5 iterations. The number of factors generated after the analysis is five factors with a total of 40 items.

C. Adjusted Models

Through testing scale by EFA and Cronbach's' Alpha reliability, the author will adjust the original theoretical research model into following model includes five factors that affect the employees organizational commitment in pharmaceutical companies and 40 observation variables which demonstrate for these factors.

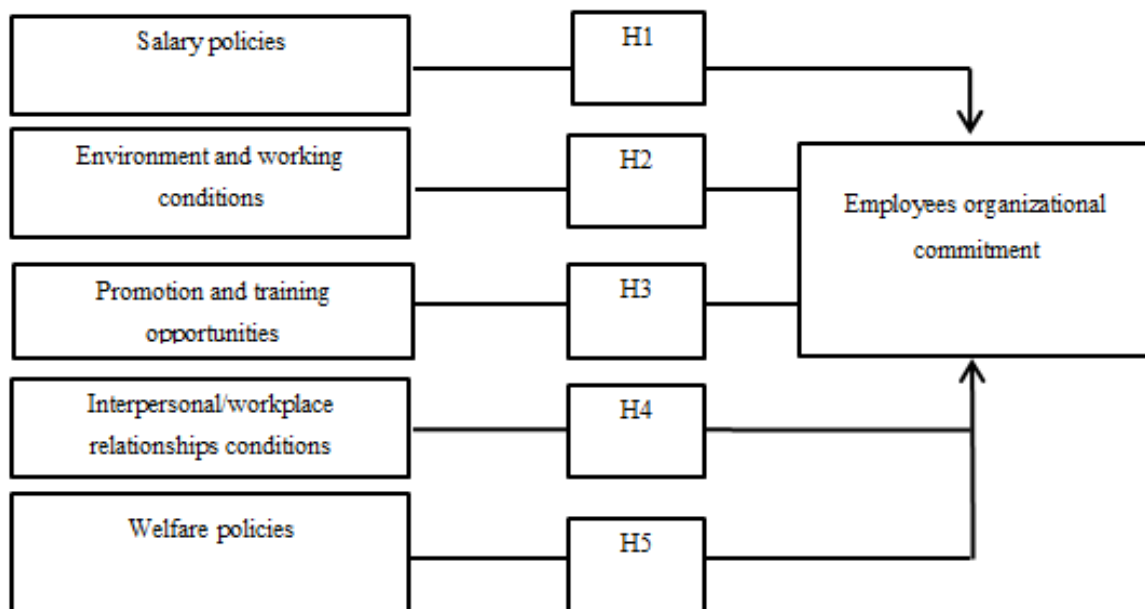


Fig 2:- The Adjusted Research Mode
Sources:- Developed for the Research

And the study gives out following new research hypotheses:

➤ **H1:** The factor salary policies significantly and positively affects employees organizational commitment.

➤ **H2:** The factor environment and working conditions significantly and positively affects employees organizational commitment.

➤ **H3:** The factor promotion and training opportunities significantly and positively affects employees organizational commitment.

- **H4:** The factor interpersonal/workplace relationships conditions significantly and positively affects employees organizational commitment.
- **H5:** The factor welfare policies significantly and positively affects employees organizational commitment.

D. Testing the Correlation Coefficient (R Value)

The Multiple Regression Analysis is used to determine the significant relationships between independent variables (salary policies, environment and working conditions, promotion and training opportunities, interpersonal/workplace relationships conditions, welfare policies) and dependent variable (employees organizational commitment).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.727a	.529 b	.512	.428	1.699

- a. Predictors: (Constant), IN, EN, S, GR, WE
- b. Dependent Variable: CO

Table 3:- Model Summary
Source:- Field Survey, October, 2018

Based on the Model Summary Table 3, the correlation coefficient (R value) for this research is 0.727. This means that the dependent variable (employees organizational commitment) strong positively affects independent variable (salary policies, environment and working conditions, promotion and training opportunities, interpersonal/workplace relationships conditions, welfare policies) because R value is positive value and 0.727 is fall under coefficient range ±0.71 to ±1.

E. Testing the ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.618	5	5.924	32.311	.000 ^b
	Residual	26.399	14	.183		
	Total	56.018	14			
			9			

Dependent Variable: CO
Predictors:(Constant), IN, EN, S, GR, WE
Table 4:- ANOVA
Source:- Field Survey, October, 2018

In the Anova table 4, it shows that the F value of 32.311 greater than 5 and the p-value is 0.00 which is less than 0.05 (p < 0.05) so significant at the 0.05 level. The significance value was-is less than 0.05, an indication that the model was-is significant. In overall the regression model with those five independent variables is suitable for

explaining the variation in employees organizational commitment.

F. Develop Regression Equation with Standardized Coefficients

The standardized coefficients predict the influence level of independent variables (salary policies, environment and working conditions, promotion and training opportunities, interpersonal/workplace relationships conditions, welfare policies) on employees organizational commitment in pharmaceutical companies. We can be determined by the following regression equation with standardized coefficients as below:

$$Y = 0.267X1 + 0.198X2 + 0.159X3 + 0.357X4 + 0.11X5$$

Or:

$$\text{Employees organizational commitment} = 0.267\text{Salary policies} + 0.198\text{Environment and working conditions} + 0.159\text{Welfare policy} + 0.357\text{Promotion and training opportunities} + 0.11\text{Interpersonal/Workplace relationships}.$$

V. CONCLUSION

According to the research findings and analysis, the author found that all the p-values for all the variables (40 items) were less than 0.05, an indication that all the factors (five factors) which the author proposed in the research model is statistically significant to influence employees organizational commitment as follows:

The study also revealed that promotion and training opportunities is inextricably linked to the commitment of the workforce, thus concluding that promotion and training opportunities has a positive effect on employee's commitment in pharmaceutical companies. The study further reassured that co-worker is strongly influenced salary policies, giving co-worker a compelling reason to continue working for their employer and try their best to finish the assignment. The results also show that the environment and working conditions ranks third in the total five factors proposed by the author. The remaining factors as welfare policy, interpersonal/workplace relationships have little impact on employees organizational commitment.

The results also showed that the evaluation of employees organizational commitment is at a normal level with the average point = 3.0 in the five point Likert scale. This shows that the pharmaceutical companies need to try harder to improve their policies to increase commitment for employees.

RECOMMENDATIONS

In general, employees desire to be given opportunities of individual career development, therefore the company should establish appropriate policies of HR development and create opportunities for qualified individuals to promote in their career ladder such as: skills development programs, professional training courses a working environment with many positive challenges. The policies of HR development need to ensure the fairness, equal competitive opportunities for every employee, as well as make them feel motivated in their jobs.

Salary is the second most influential factor to the level of employee commitment with the company. Recently, the salary and bonus regime has been well implemented by Da Nang Pharmaceutical Company, but it is only at the average level, there are still some issues affecting the level of employee commitment with the company. In the coming time, the company needs to have policies to adjust the salary and welfare regime accordingly. With a higher income level, consistent with the current inflation situation, employees can increase their living standards. It will result in improving the staffs' commitment.

Environment and working conditions are one of the factors affecting the level of employee commitment with the company. Working in an office environment brings a lot of stress to employees, it will be worse if these employees have to worry about their health when their working environment is polluted, warehouse is in danger of collapse, ... Therefore checking and ensuring the environment and working conditions is something that every company needs to care about.

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